

Austria	Sch. 18	Indonesia	Rp 2750	Portugal	Ecu 80
Bahrain	Db. 250	Iraq	1,1300	S. Africa	Rc 5,00
Belgium	Fr. 2,50	Jamaica	US\$ 1,10	Spain	Ps 110
Canada	C\$2,20	Jordan	Fr. 5,00	Sri Lanka	Rs 30
China	Yuan 1,00	Kuwait	Db. 1,00	Sweden	Sk 1,50
Denmark	Db. 7,25	Liberia	Db. 1,50	Switzerland	Fr 1,20
Egypt	£1,40	Lebanon	Db. 1,50	Taiwan	NT 500
Fiji	Fr. 6,00	Malaysia	Rs 4,25	U.S.A.	\$ 1,50
France	Fr. 8,00	Mexico	Pes. 300		
Germany	DM 2,20	Nigeria	Db. 1,00		
Hong Kong	HK\$ 1,20	Norway	Nkr. 6,00		
Iceland	Fr. 1,50	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,609

Friday April 26 1985

D 8523 B

Reagan stumbles on
the run-up to the
Bonn summit, Page 24

World news

Business summary

Brazil's President faces challenge

José Sarney, Brazil's new President, faces a challenge to his position only hours after the burial of the late President-elect, Tancredo Neves.

Amílcar Chaves, a powerful minister in the coalition Government, has called for direct presidential elections in November 1986, rather than 1988, as envisaged.

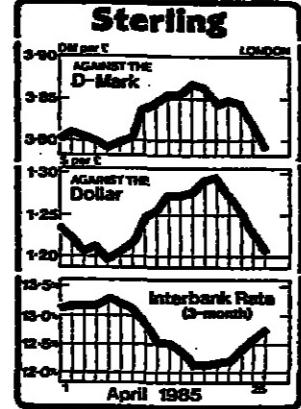
The move by Chaves is in accord with demands by the left-wing Workers' Party and places him on a collision course with President Sarney.

Page 5

Earnings growth at ICI falls to 9%

ICI, Britain's biggest chemical group, lifted first-quarter profits by 9 per cent to £287m (£525m), a sharp slowdown from the 57 per cent earnings growth during 1984 as a whole. Lex, Page 26; Details, Page 32

WALL STREET: The Dow Jones industrial average closed up 6.8 at 1,264.76. Section III



DOLLAR improved in London, closing at DM 3,153 (DM 3,119), SwFr 2,625 (SwFr 2,6), FF 9,6 (FF 9,505) and Yen 2,523 (Yen 2,513). On Bank of England figures, the dollar's exchange rate index rose from 146.3 to 147.6. In New York it was DM 3,1465, SwFr 2,6245, FF 9,6050 and Yen 2,55. Page 47

STERLING continued to fall in London, losing 2.05 cents against the dollar to finish at \$1.2045. It was also lower at DM 3.19 (DM 3,25), SwFr 2,575 (SwFr 2,58), FF 11,55 (FF 11,68) and Yen 2,5835 (Yen 2,58). The pound's exchange rate index fell from 77.3 to 76.6. In New York it was \$1.2050. Page 47

GOLD fell 50 cents on the London bullion market to \$222.25. It was higher in Zurich at \$223.05. In New York the Comex June settlement was \$225.50. Page 48

TOKYO: Shares advanced despite thin end-of-month trading. The Nikkei-Dow market average rose 11.10 to 12,333.57. Section III

LONDON equities were unsettled by poor ICI results. Gilt eased. The FT Ordinary index gained 0.1 to 965.5. Section III

FOREIGN companies acquired 151 U.S. companies, valued at over \$2m, in 1984. UK takeovers exceeded those of any other country and the total, up 16 per cent on 1983, was only exceeded in 1981.

MIDLAND BANK of Britain warned that Crocker National, its troubled Californian subsidiary, might have to write off more bad loans this year. Page 20

LUXEMBOURG subsidiary of Dresdner Bank, West Germany's second largest commercial bank, boosted earnings during 1984 but used them to cover higher risk provisions. In the nine months ended December the bank made provisions of LFr 5.1bn (\$62m), lifting the total to LFr 15.1bn. Page 28

SOCIÉTÉ GÉNÉRALE, third largest French nationalised bank, reported a 12.2 per cent increase in consolidated earnings in 1984 to FF 927m (\$68m) against FF 828m previously. Page 28

MINSTAR, Minneapolis-based investment group run by Irwin Jacobs, announced its expected takeover offer for AMF, leisure, industrial and energy conglomerate, which values AMF at \$603m. Page 27

ALEXANDER & Alexander Services, holding company for the second largest U.S. insurance firm, lifted first-quarter net income 28 per cent to \$10.7m, or 38 cents a share, compared with \$8.6m, or 35 cents, in the first-quarter of 1984. Page 27

AKZO, Dutch chemicals, pharmaceuticals and fibres group, reported net profits of Fl 256.1m (\$73.3m), against Fl 199.5m in the 1984 first-quarter. Page 28

CONTENTS

Europe	2, 3	Eurobonds	48
Companies	28	Euro-options	41
America	5	Financial Futures	47
Companies	27	Gold	48
Overseas	4	Int'l Capital Markets	48
Companies	29	Letters	48
World Trade	6	Lex	48
10, 11	11	Lombard	48
Britain	32-36	Market Monitors	48
Companies	32-36	Men and Matters	48
Agriculture	46	Mining	48
Arts - Reviews	23	Money Markets	48
- World Guide	22	Property	48
Commodities	46	Raw materials	48
Crossword	24	Stock markets - Bourses	37, 40
Currencies	47	Wall St.	37, 41-43
Editorial comment	24	London	37, 41-43

Reagan warns of 'dreams wrecked' by budget deficit

BY STEWART FLEMING IN WASHINGTON

A MAJOR test of U.S. President Ronald Reagan's budget strategy and political prestige was shaping up in Congress yesterday after a warning from the President that failure to cut the \$213m budget deficit "could destroy our prosperity and all the blessings it has given us."

In a nationwide television address timed to exert maximum influence upon a vital vote in the Senate on the deficit-cutting programme which the White House and Republican leaders have proposed, Mr Reagan warned: "All our dreams for the future could be wrecked if we do not overcome one giant obstacle ... no matter how strong the economy grows, no matter how much more tax money comes to Washington, it will not amount to a hill of beans if Government will not curb its endless appetite to spend."

The Administration and the Republican leadership of the Senate decided to try to secure an early vote on the compromise budget proposal which it was directed at "an up or down vote on the whole (budget) package" in the Senate which was expected either later yesterday or early today. Such a vote does not allow amendments.

Mr David Stockman, the President's Budget Director, said just before the speech that it was directed at the crossroads. The hour is late, the task is large and the stakes are momentous."

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In what was seen as one of his most polished television performances, Mr Reagan appealed to American patriotism with a quotation from former President John F. Kennedy: "Ask not what your country can do for you - ask what you can do for your country."

After detailing some of the painful reductions in federal spending which the aim to reduce the budget deficit by \$300m over three years

called for, he declared: "We stand at the crossroads. The hour is late, the task is large and the stakes are momentous."

One official yesterday described the vote as "important but not crucial or decisive," but he conceded that if the Senate failed to support the President "we may lose momentum."

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EUROPEAN NEWS

Summary Financial Statement as of December 31, 1984



Balance Sheet

Assets	(in million of Lux. Francs)	Liabilities
Liquid Assets		
- Cash, Balances on Postal Cheque Account and with Central Banks	6.740	211.573
- Balances with Banks at sight (incl. those maturing within one month)	108.897	147.642
Balances with Banks for agreed periods of more than one month	124.769	35.930
Bills discounted	14.746	30.947
Other Advances	127.368	7.111
Securities	69.315	3.180
Miscellaneous	7.605	12.075
Fixed Assets	4.088	15.069
	463.528	463.528
Revenue		
Interest and Commissions	22.634	23.176
General Expenses	560	4.723
Provisions for Contingencies	5.068	
Depreciation	10	432
Other Expenses	59	
	28.331	28.331

Profit and Loss Account

Expenditure	
Interest and Commissions	22.634
General Expenses	560
Provisions for Contingencies	5.068
Depreciation	10
Other Expenses	59
	28.331

The itemized Balance Sheet and Profit and Loss Account will be published in the "Memorial - Recueil Special des Societes et Associations du Grand-Duché de Luxembourg". For your copy of the Annual Report in English, German and French please contact:

Compagnie Luxembourgeoise de la Dresdner Bank AG - Dresdner Bank International - 26, rue du Marché-aux-Herbes, P.O. Box 355, L-2013 Luxembourg, Telephone 47 601, Telex 2558 DRIFT LU (all departments), Telephone 42 81 6, Telex 2302 DRIFX LU (Euromoney/Foreign Exchange/Precious Metals/Securities); Cable: Bankcompanie Luxembourg.

Address: Dresdner Bank (Schweiz) AG, P.O. Box 630, CH-8034 Zurich, Telephone 25 19 100, Telex 81 57 87, P.O. Box 385, CH-1211 Geneva, Telephone 32 54 54, Telex 28 90 77, Dresdner Fortaltierungs Aktiengesellschaft, P.O. Box 630, CH-8034 Zurich, Telephone 69 41 41, Telex 816 427 DEFA CH.

Compagnie Luxembourgeoise de la Dresdner Bank AG
Dresdner Bank International

GOVERNMENT HOPES TO DEFUSE NEW CALEDONIA ISSUE

Paris delays referendum

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday postponed the referendum it was proposing to hold in New Caledonia this year on the Pacific territory's future until after the parliamentary elections in France next March.

The decision, announced after a special Cabinet meeting yesterday morning, reflects the uncertain situation on the islands and the Government's wish to defuse the issue as a focus of political tension in France.

M. Laurent Fabius, the Prime Minister, announced that the referendum on the Government's proposal for giving New Caledonia a status of independence in association with France would be held at the latest by the end of 1987. In practice, that means that if the op-

position wins the parliamentary elections next year it would have the responsibility of organising a referendum and deciding on the question to be posed.

The decision is a rebuff for M. Edgard Pisani, High Commissioner to the territory, who had proposed a referendum later this year. It is also bound to be a disappointment to the independence movement in New Caledonia, which had hoped to see its goals realised under the Socialist

In political terms, the advantage of this step in a territory where the communities are concentrated on different parts of the island will be given each of them a measure of control over their own future.

The unexpected announcement came after the failure of an opposition motion of censure on the Government in the National Assembly over its legislation to introduce proportional representation. At the same time, a motion by former President Valery Giscard d'Estaing to put the proportional issue to vote by referendum was also rejected.

Four regions are to be created, each choosing its own administra-

Sweden to investigate N-weapons claim

By Kevin Done, Nordic Correspondent, in Stockholm

SWEDEN is to investigate claims that it continued active nuclear weapons research until as late as 1972, culminating in tests using small amounts of plutonium. The investigation will be carried out by Mr Anders Thunborg, the Defence Minister.

Mr Olof Palme, Prime Minister, came under increasing political pressure yesterday to launch a full commission of inquiry into the claims, published by a Swedish technology magazine Ny Teknik.

The magazine said that the research continued throughout the 1960s despite earlier decision by the Riksdag, the Swedish parliament, to abandon the country's nuclear weapons programme that had been launched in 1945.

The question of whether Sweden should develop its own nuclear bomb was a divisive political question for much of the 1950s and 1960s. It was not resolved politically until 1968, when the Riksdag decided that Sweden should stop development of nuclear weapons.

The parliament had already decided in the late 1950s, however, that research into the development of a Swedish nuclear bomb should be stopped, while allowing continued research in the so-called nuclear protection programme for the defence of the civilian population against nuclear attack.

Mr Palme admitted yesterday that it was difficult to draw the line between defensive and offensive research. He said, however, that he had no reason to doubt the loyalty of the military establishment and rejected suggestions that the research had been carried on in defiance of decisions by the Riksdag.

Europe 'must strive to be leader in existing technology'

BY JONATHAN CARR IN MUNICH

EUROPE must strive to be pre-eminent in the commercial application of existing technology - even more than to be a leader in new technology - if it wants to create stable jobs and internationally competitive companies, according to Dr James McGregor, chairman of Honeywell, the US arm of the U.S. advanced technology company.

"Speaking from experience, I can assure you that possession of leading-edge technology does not automatically translate into jobs and revenues," Dr McGregor said yesterday. "In fact, if you are able to successfully introduce new breakthrough technology to the marketplace, the time it takes for your competitor to take your technology and improve on it is getting shorter every day."

Honeywell's chairman emphasised that he was not trying to discourage the pursuit of truly innovative technology - but it was at least as important, if not more so, to be close to the marketplace and know what the customer really needed.

"One should not be apologetic about trying to make money, about doing engineering rather than science, and about making products rather than scientific discoveries," Dr McGregor said.

He was speaking on the final day of a two-day conference on "Multinationals: Innovators in High Technology?" organised in Munich by the Financial Times and the Institute for Research and Information on Multinationals. The first day's discussion concentrated on European industry's international competitive position and yesterday's covered the social costs and benefits of high technology.

Another speaker, Dr Emanuel Van Beurloven, economic adviser to Banque Bruxelles Lambert of Brussels, took up a similar point. High-technology companies were vital for the general development of the economy but - as U.S. experience showed - they were only marginally important for creating employment.

"New jobs are created, especially in lower and non-technology sectors," he declared. "The highest growth is observed in miscellaneous industries, in clothing, restaurants and business and in services."

He pointed out that the chemical industry was no longer able to generate its own self-sustained innovation but needed to make joint efforts with other sectors such as physics and electrical engineering.

That meant that employees had to broaden their traditional chemical knowledge to embrace other skills and disciplines - a constant challenge that Montedison was actively taking up, Dr Porta said.

Mr Leo Nefiodow, of the Gesellschaft für Mathematik und Datenverarbeitung, a West German research institute, spoke of the growing international responsibilities of multinationals concerns.

Mr Nefiodow noted that many multinationals nowadays had economic resources as big as those of medium-sized industrial countries. The responsibility of those large concerns for maintaining free and fair world trade had also increased.

This announcement appears as a matter of record only

\$6,000,000
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GUINAN & COMPANY, INC.

New York

London

March 1985

THE WORLD OF BIG BUSINESS JETS MEETS THE LEADER. THE FALCON 900.



Falcon 900 demonstration flight, January 15, 1985.

The Falcon 900 demonstrates leadership qualities in every important respect. First, it offers an extraordinary level of passenger comfort. All passengers who flew in it are unanimous to praise the quietness and comfort amenities of a very large cabin (2.34 m wide over 10 m long and 1.87 m headroom).

The Falcon 900 is a Leader in performance, too. With an effective range of 7,000 km (carrying 8 passengers and NBAA IFR reserves), it can easily fly from Paris to New York, from London to Abu Dhabi, from Tokyo to Jakarta. And the Falcon 900 can climb directly to 39,000 ft which puts it above international commercial air traffic. The Falcon 900 can cruise at up to Mach .85 (904 km/h) and has been flown at 94% of the speed of sound in test flights.

The Falcon 900 is also the Leader in efficiency. For long range operation, take-off weight is 20 tons, 10 tons less than its closest competitor under the same conditions and with the same

payload. Thanks to its latest-generation Garrett engines, its excellent aerodynamics and lighter weight, the Falcon 900's fuel consumption is record-breaking low: some 1/3 less than the above competitor, whose engine consumes almost as much fuel when idling on the runway as that of the Falcon 900 when cruising at Mach .80.

These figures highlight the sophisticated aerodynamic design of the Falcon 900, utilizing Dassault computer technology developed for the famous Mirage fighters - an experience that's unique among producers of business jets.

The Falcon 900 also scores first for safety. In

the unlikely event that one engine should fail, the remaining two can easily supply the requisite thrust and maintain operation of the aircraft's critical systems. This level of security obviously cannot be matched by twin-jet aircraft, either now or in the future, whatever the developments in international regulations.

If you would like to know more about the

Falcon 900, please contact us for full information.

It will be our pleasure to introduce you to the new Leader in the world of business aviation - the Falcon 900.

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Business takes off with Falcon.

EUROPEAN NEWS

UN's latest peace plan for Cyprus revealed

By Andriana Ierodiakonou in Athens

THE LATEST United Nations plan for reunifying Cyprus leaked to the Turkish Cypriot daily newspaper *Halkin Sesi* is essentially the same as that tabled during failed Greek and Turkish Cypriot peace talks held last January in New York, with some elaborations.

The present plan advances the January document in prescribing a deadline for a living procedure for constitutional disputes and cases involving intercommunal discrimination.

It proposes that those should be referred to a five-member committee made up of three Greek Cypriots and two Turkish Cypriots. Decisions would be by a majority vote, including at least one Turkish Cypriot voter.

The calling of a referendum is suggested as an ultimate deadlock-resolving process for both constitutional and federal disputes.

The plan proposes that the Turkish Cypriots should receive one "important" ministry, suggesting foreign affairs. Other embellishments include a single national flag and national anthems and for Greek and Turkish as the official languages of the state. The 1960 Cyprus independence agreement which ended British colonial rule included English as an official language.

The talks failed not because the two sides disagreed over what was in the plan — which proposed a two-zone federal republic in Cyprus with the Turkish Cypriot minority controlling one zone and the Greek Cypriot majority the other — but because of disagreement about how to resolve remaining details.

What is missing from the Turkish Cypriot press report is how Sr Javier Perez de Cuellar, the UN Secretary-General and author of the plan who is trying to bring about another meeting between the two leaders, proposes to resolve this procedural deadlock.

The left-wing council is seeking public backing to end the chaos, writes James Buxton

City fathers in a jam over Rome's traffic

"ARE YOU in favour of the towing away of cars parked along the main thoroughfares, especially near crossroads— even if this means that you have to park your car further away?"

Most city administrations would not ask their citizens a question like that. If they had laws against chaotic parking—as Rome has—and needed to enforce it, they would simply enforce it. Only in Rome are people asked if they would mind if the law were enforced.

The Rome city council, housed on the site of the ancient Roman Capital, has sent all voters a questionnaire putting questions about the traffic. In it, it asks, "do you like the presentarchy?" and "would you like a more orderly system than entailed, the closure of the centre of the city to private cars, obliging you to use public transport, and the loss of the right to park where you like?"

The coalition of left-wing parties which governs the city is hoping thereby to obtain a popular mandate for stern measures if it regains power after the nationwide local elections on May 12.

For many citizens the traffic is the worst thing about life in Rome. The crawling processable blockages make it almost impossible to know how long a journey is going to take. Commuters often work by car with little idea of when they are going to arrive. It can take longer to get from the outer suburbs to the centre than it might take to reach Piccadilly Circus from Birmingham.

Each year, as more and more of Rome's 3m people buy cars, things get worse.

It is not a problem that any administrator would find easy. Part of the trouble is the shape of the city. The immense expansion of the past 40 years has been mainly along the lines of the old Roman roads which fan out from the centre into the countryside. Though there is a reasonable outer ring road going round the scruffy outskirts of the city there are virtually no inner ring roads.



Rome's traffic is so bad that it is virtually impossible to know how long a journey will take

At all if Roman drivers were not fast and flexible, and so quick to anger that a very lengthy traffic jam is almost impossible. The intensity of hooting and revving, usually shifts the blockage—to somewhere else.

One day, however, that did not happen. On December 14 last year a combination of a bus strike, Christmas shopping and heavy rain brought the city almost to a standstill for an entire day. People passed out in the exhaust fumes but ambulances could hardly get out of the hospital gates. It was a day which Sig Ugo Vetere, the Communist Mayor, never live down. Since then, there have been serious suggestions

that the capital of Italy should be moved elsewhere.

Apart from closing small parts of the 17th century heart of the city to traffic and launching construction of a third underground line, Sig Vetere's administration of Communists, Socialists and small parties of the centre has mostly just wrung its hands.

It knows that any solution—which must in practice mean banning private cars from the centre—would offend someone. The powerful lobby of shopkeepers, who believe they benefit from the right of customers to park outside their shops, has representatives both inside the coalition and among the opposition—the Christian

Democrats and the neo-Fascist Italian Social Movement (the latter regularly wins nearly a tenth of the Roman vote.)

In such circumstances the coalition, even though it controls well over half the vote, is almost helpless. There is no point in courting unpopularity by punishing Romans for the 100,000 traffic offences that are to be committed every day.

But why should a city council ask the electorate what it thinks about the traffic, when there are elections on anyway which one might have thought, would give Romans the chance to express their views via the ballot box?

Unfortunately, Italy's highly democratic system of proportional representation allows people to vote only for a party. Who actually forms an administration is another matter, and it does not decide after the election in smoke-filled rooms, taking into account dozens of factors, of which the voter's preference is only one.

Even if everyone in Rome voted on May 12 exactly as they did in the previous election of 1983 (and the indications are that there will be no big changes in Rome), the present coalition would not necessarily be re-elected. The Christian Democrats would equally permit the formation of a Christian Democrat-led grouping, assuming the Socialists joined them, as they do in Sig Bettino Craxi's national Government.

The questionnaire on the traffic is the only way the present coalition could, if re-elected, claim a mandate for action. That does not mean that it would act on it, however. Any closure to traffic would mean the construction of garages and inner ring roads at the expense of a central Government with plenty of other calls on its purse. It might be easier just to go on as before.

Weather and farm shortages threaten Soviet grain output

BY OUR MOSCOW CORRESPONDENT

THIS WEEK could be the most crucial so far this year for Soviet farmers who are falling far behind in sowing spring grain, according to Western agricultural experts. They believe the next few days will have a direct bearing on the size and quality of the 1985 grain harvest.

Farmers have been slow getting into the fields because spring has come late, keeping soil wet and tractors in sheds. They are also hampered by shortages. As a result, grains of all kinds except maize had been sown on only 10.5m hectares by last Monday, 9.6 less than at the same time the last year and 15.6 below the 1983 figure.

Last year's harvest was around 170m tonnes, well below target and requiring 50m tonnes of grain imports to make up the deficit.

The experts believe Soviet farmers will need to excel themselves before the month is out or the country could suffer.

The country takes a holiday on May 1 and then celebrates anew on May 8, the anniversary of the end of the

Second World War in Europe. Between the two dates little work is likely to be done and by the second week in May it will already be too late to get the required amount of sowing done.

In some areas of European Russia farmers are simply not working the fields. Some of them, in the view of Western agriculture experts, are justified in not committing tractors of doubtful vintage to the mud. Others are just shirking.

Sowing rates have picked up slightly in the past two weeks but still lag far behind previous levels.

Farmers in Kuban, near Stavropol, the Soviet leader Mikhail Gorbachev's home region in the northern Caucasus, have made good progress, according to Soviet newspapers. Reports from other areas are less encouraging. Moldavian farmers were 20 days behind schedule, the government daily Izvestia reported yesterday.

The weather, like other spring crops, such as cotton and sugar beet, appears to be proceeding slightly faster but is still slightly below planned levels.

Turkish envoy walks out

TURKEY'S representative to the Council of Europe, Mrs Fuat Dincmen, walked out of a ministerial meeting in Strasbourg yesterday when Turkey was denied presidency of the 21-nation body, AP reports.

The committee of ministers decided the previous night to shelve Turkey's request for the six-month rotating presidency for at least another year. The request, made on Turkey's behalf by Herr Hans-Dietrich Genscher, the West German Foreign Minister, did not win the required 11 votes in the committee.

The key opposition is understood to have come from Mme Catherine Lalumiere, French Secretary for European Affairs.

Greece and the Scandinavian countries also voted against.

Turkey withdrew its Foreign Minister from the committee last autumn when the presidency went to West Germany and later threatened to recall its representative here if the request was denied again.

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OVERSEAS NEWS

Assad calls for intensified attacks on Israeli troops

BY OUR MIDDLE EAST STAFF

PRESIDENT Hafez al-Assad of Syria yesterday urged Moslem guerrillas in the south of Lebanon to step up their attacks on Israeli forces. He was quoted by Beirut newspapers as telling a meeting of Lebaon's Moslem Movement in Damascus that "the south has become Israel's Vietnam."

"No effort should be spared to support the nationalist resistance until the Israeli enemy is driven out of all Lebanese territory," said President Assad.

During the talks in the Syrian capital, Mr. Rashid Karami agreed to withdraw his resignation as Prime Minister of Lebanon. "We cannot afford a government crisis while part of the country remains under occupation," he declared.

Mr. Karami resigned last week in protest at the fighting in West Beirut between Moslem, Christian and Druze fighters taking over positions held by the Sunni Moslems backed by Palestinians.

It was claimed in Damascus that there had been a broad measure of agreement on the need to institute a new security system in the western half of Beirut and to dismantle the "Green Line" which separates it from Christian East Beirut.

There were also discussions on the situation in the southern

demarcation line yesterday and at least seven people were reported killed in rocket and shell fire that hit residential areas.

Christian and Moslem fighters clashed for several hours before dawn along the Green Line and the battles flared again around noon after a morning lull.

Israel is meanwhile believed to be on the point of ordering its troops out of Tyre, following its withdrawal from the Bekaa Valley the previous day. A Cabinet meeting in Jerusalem on Sunday agreed that all Israeli forces would be out of Lebanon by early June.

The success of the Syrian regime in persuading Mr. Karami to stay on as Prime Minister does not appear to have been matched by any more fundamental agreements between Egypt and Jordan across the Gulf of Aqaba, Arab reports from Nuweiba, which is the Egyptian terminal.

Port of Sidon, the scene of intermittent fighting for the past three weeks. The Christian militias which had been shelling the eastern suburbs have now withdrawn and are understood to have redeployed in East Beirut.

In the Lebanese capital itself Christian and Moslem militiamen battled along the city's

Sudan to renew links with Libya

By John Murray Brown in Khartoum

SUDAN'S military Government, which is pursuing better relations with Libya, Ethiopia and the Soviet Union, has restored diplomatic links with Tripoli after a four-year break.

Relations with the three countries sharply deteriorated during the rule of former President Jafar Numeiri, overthrown by a civilian-backed military coup earlier this month. At the same time, ties between Sudan and the U.S., the country's leading aid donor, grew closer, reflecting Washington's belief that a pre-Western Sudan was essential to Western interests in the region.

The resumption of diplomatic relations with Libya was confirmed by Brig Gen Fadilla Burns Nasir, a member of the 15-man transitional military council, on his return from a three-day visit to Tripoli.

Closer relations between Sudan, Libya and Ethiopia could have a significant impact on anti-government forces in all three countries.

Gen Faris Abdalla Hegazi, another member of the council, last week said that exiled political movements operating out of Sudan would be banned if other countries followed suit.

Protectionism assailed at Bandung

BY KIERAN COOK IN BANDUNG, INDONESIA

REPRESENTATIVES from 80 Asian and African countries yesterday issued a strong attack on economic protectionism by industrialised countries and called for radical solutions to debt problems in the Third World.

The delegates, ending a special two-day commemoration meeting to mark the 1955 Asia-Africa Conference, which is seen as laying the foundation for the establishment of the Non-Aligned Movement, also appealed for urgent action over what they described as the

economic and social crisis in Africa.

The original Bandung meeting was the first time that the newly independent Afro-Asian states spoke with one voice on such problems as the nuclear arms race, racism and colonialism.

At this meeting despite broad agreement on general economic issues, there were, however, wide differences on political issues. The final declaration made no mention of many of the political questions affecting Asia and Africa.

Afghanistan and Kampuchea were not mentioned nor were the conflicts going on between many African countries. Delegates did, however, agree on independence for Namibia and made a strong attack on what was called Israel's racialist and brutal policies against the Arab people.

Much of the attention of delegates focused on matters outside the conference hall. The news that Prince Norodom Sihanouk, wished to resign as head of the coalition fighting the Vietnamese in Kampuchea caused a

stir. There was also intense interest in the first official contacts in nearly 20 years between Indonesia and China. Indonesia suspended its relations with China in 1967 after accusing it of being behind an attempted communist coup.

Throughout Indonesia, the host country, managed to maintain a festive atmosphere with delegates at one ball being treated to a display of dancing by groups of girls in Islamic dress.

African Development Bank chief challenged

BY PETER BLACKBURN IN ABIDJAN

AFRICAN Development Bank president, Mr. Wila Mung'omba, faces stiff challenge from three French-speaking candidates.

During his presidency bank members have been extended to include non-African members.

This facilitated the doubling of the bank's capital to \$6.3bn as well as the award of two Triple A credit ratings.

As a result the bank has gained improved access to international capital markets which has helped finance a nearly two-thirds increase in annual lending over the past five years.

But the well-heeled Mr. Mung'omba has been criticised for a playboy image fostered by frequent jet setting across the continent, running up heavy expenses and neglecting the routine management of the bank.

Mr. Mung'omba's main challenger is the bank's Senegalese vice-president for finance, Mr. Babacar N'Diaye, who is seen as providing both "stability and change". Regarded as a "banker's banker" Mr. N'Diaye has successfully managed the rapid expansion in bank borrowing which reached a record \$7.8bn last year. Mr. N'Diaye enjoys the possible crucial support of the largest voter, Nigeria, which engineered Mr. Mung'omba's election in 1980 but has now crossed linguistic lines. Unlike Mr. Mung'omba, Mr. N'Diaye is bilingual.

However, critics point out that despite his international financial links Mr. N'Diaye, who has spent his entire 20-year career within the bank, may lack the broad experience and political stature needed for the presidency.

A possible compromise candidate is the French-backed M. Pierre-Claver Damiba, of Burkina Faso, as United Nations Development Programme's regional director for Africa and former president of the Lome-based West African Development Bank. M. Damiba is widely experienced and well-known both internationally and on the African continent.

The final candidate, M. Nicéphore Soglo, of Benin, is an executive director of the World Bank representing 24 African countries. He is regarded as an outsider who may attract votes from the more radical African states.

THE MALAYSIAN FEDERATION

Building bridges across a thousand miles of sea

BY WONG SULONG IN KUALA LUMPUR

THE DECISIVE intervention of Datuk Musa Hitam, acting Malaysian Prime Minister, in squashing a political coup and allowing Datuk Patinggi Kirangan, the right-wing victor in last Sunday's elections in the oil-rich east Malaysian state of Sabah, to become the state's Chief Minister has far-reaching implications for the future of the Malaysian federation.

This week's events represent a triumph for parliamentary democracy at a time when Malaysian opposition parties are beginning to lose faith in ever obtaining power through the ballot box, and a new and more realistic relationship appears to be emerging between the federal Government in Kuala Lumpur and the traditionally troublesome eastern states of Sabah and Sarawak.

For the greater part of Monday, the Sabah capital of Kota Kinabalu was a ghost town as residents remained behind doors or fled the city as tension mounted to a dangerous point.

The drama began before dawn as the 65-year-old Tun Mustapha, leader of the United Sabah National Organisation (UNSO), made a desperate bid for power.

Tun Mustapha's iron rule as Chief Minister for nine years to 1976 still brings back bitter and fearful memories among many Sabahan.

In Sunday's state elections the UNSO obtained only 16 of the 48 seats contested, and yet Tun Mustapha succeeded in persuading the Governor to swear him in as Chief Minister on the grounds that he would form a coalition with the ruling Berjaya Party which was swept out of power when it secured only six seats.

As Chief Minister, Tun Mustapha would be entitled to nominate another six state Assemblymen, thereby giving the coalition 28 members as opposed to the 26 seats won by Datuk Patinggi Kirangan (PK).

By refusing to recognise Tun Mustapha's political coup, the federal Government averted a potentially explosive crisis that might have led to factional violence and the possible undermining of the foundations of the Malaysian Federation.

Tun Mustapha held out for 15 hours but Datuk Patinggi was given a last-minute reprieve. With his ascension, the Kadazans, the state's largest racial group, gained power for the first time in the 22 years since Sabah became part of the Malaysian Federation.

Datuk Patinggi, a 45-year-old, Australian-trained lawyer, is the acknowledged leader of the Kadazans and is largely a Christian.

His statements on assuming leadership were reassuring to the Moslem communities who had voted for the UNSO and one of his first acts was the formation of an eight-member multi-racial Cabinet, which has two Malay ministers.

He also quickly announced that his party would apply to join the ruling National Front coalition at federal level. This is likely to be accepted, despite the fact that National Front leaders, including Prime Minister Mahathir, had some pretty harsh things to say about the PBS during the election campaign.

Separated from the Malaysian mainland by more than 1,000 miles of the South China Sea, Sabah and Sarawak have always posed special administrative and political problems for federal



Prime Minister Mahathir

leaders. Nevertheless, the Government in Kuala Lumpur has consistently triumphed over its distant states, often intervening to impose administrative controls there and stamping out any moves towards secession.

On the other hand, the two states have managed to retain a fiercely parochial outlook and a good degree of autonomy.

By accepting a Kadazan-dominated state Government, the federal authorities have finally broken through the very important psychological barrier which has been the root of much friction and distrust between mainland Malays and the non-Moslem indigenous communities in eastern Malaysia.

The mainland Malays, who dominate the federal Government, have long striven to ensure that eastern Malaysia is controlled by Malays, without giving sufficient weight to the fact that the Malays and other Moslems form only 15 per cent of the east's 3.2m people.

The Poring Government obviously poses little threat to the continued dominance of Malay power in Kuala Lumpur but to deny the Kadazans in Sabah the political power that should come with their numbers, would have meant that Sabah could still only be controlled through nimble, shifting political alliances and federalisation, which is always resisted.

The ground rules are now clear: Malaysian territorial integrity cannot be questioned, but within the federation, Kuala Lumpur will allow reasonable free play of democratic forces, including some dissent, while encouraging racial and national integration.

Datuk Patinggi will be no doubt adopt a stronger state-rights stand towards Kuala Lumpur compared with the previous administration. He can be expected to demand a greater share of the state's oil wealth, of which Sabah currently gets only 5 per cent.

The presence of an estimated 150,000 illegal Filipinos and Indonesian migrants in Sabah will also be a thorny issue between Datuk Patinggi and the federal authorities. It is partly because of fears of being swamped by immigrants that the Kadazans and the Chinese turned to PBS.

Sabah is often described as Malaysia's Wild East or Little Texas because of its rich resources and rough politics. If the federal Government and Datuk Patinggi work together, an understanding are that they will, Sabah's politics will be less rough and a breakthrough would be achieved in the long haul towards national integration.

These words were spoken by Lord Elton, the Government's Minister opening the debate on the Bill to abolish the Metropolitan County Councils.

A Bill which would break the direct link between the local voters and those responsible for running local services.

A Bill which would mean:

- Joint boards of appointed councillors to run police, fire and transport services, under the control of the Secretary of State.
- Local control over planning and highways being subject to "guidance" enforceable by the Secretary of State.
- The creation of 55 non-elected bodies and 123 controls for the Secretary of State.

All previous reorganisations in local government were preceded by inquiries which did not favour such arrangements.

This time there has been no inquiry.

Respondents to the Government's proposals overwhelmingly rejected them.

And had their views rejected.

The claimed benefits of abolition have been revealed as illusions by independent consultants.

Opinion polls show the people of the metropolitan areas to be decisively against the Government's proposals.

But the Government continues on its chosen course to create what one member of the House of Lords described as: "Government from Whitehall, by Whitehall, and even perhaps for Whitehall".

But that's not surprising.

After all, how close is the Secretary of State to the local voter.

Abolition-at any cost?

AMERICAN NEWS

Reagan vows to continue fight for 'contra' aid

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday refused to accept defeat in his frustrated bid to supply new U.S. aid to the anti-government "contra" rebels in Nicaragua, saying that he intended "to return to Congress again and again to seek a policy that supports peace and democracy."

Leaders of both parties said it was too early to say whether aid for the "contra" was now a dead issue, despite Wednesday night's stinging rebuff for Mr. Reagan in the Democratic-led House of Representatives.

"This document certifies that it did," said Tip O'Neill, the House Speaker, one of the principal architects of Mr. Reagan's defeat.

In a bizarre series of votes, the House finally killed all plans for \$14m (£1.4m) worth of aid

to the "contra" in the current fiscal year, including a Democrat-sponsored alternative that had first approved.

Mr. Reagan denounced the outcome which left his Nicaraguan policy in shambles, as damaging to national security and foreign policy goals.

House Republicans said that they might try to revive the aid plan before the fiscal year ends on September 30, and would seek approval of Mr. Reagan's request for \$28m in military support for the rebels in fiscal 1986.

Many members, however,

agreed with Mr. Edward Markey, a Massachusetts Democrat, who said after the voting that it would now be "difficult if not impossible" for Congress to consider military aid to the rebels as a future option.

In the first of three votes, the House approved, by 219 to 206, a Democratic proposal that would have provided \$10m for refugees outside Nicaragua and \$4m for the four Contadora countries (Mexico, Venezuela, Colombia and Panama) to implement a peace treaty.

The House then narrowly defeated, by 215 to 213, an alternative backed by Mr. Reagan that would have given the \$14m directly to the "contra" for humanitarian aid.

In a final vote, the House reversed its earlier action and defeated, by 219 to 206, the plan that had adopted in the preliminary vote.

The turnaround came partly among liberal Democrats, who had never been happy with the aid plans, on the grounds that they could lead to deepening

U.S. involvement in Central America and the possible dispatch of U.S. combat forces.

Republicans finally voted against the Democratic plan, which contained an open-ended ban on future U.S. aid to military and para-military forces in Nicaragua, believing that it effectively abandoned the "contra" to their fate.

The voting prevented further legislative action on a compromise proposal adopted by the Senate on Tuesday night, which would have supplied the "contra" with \$14m in "food, clothing and other assistance, but not weapons of war."

Mr. Jim Wright, the Democratic House majority leader, said he hoped that the House's action would give both the Sandinista Government and the Reagan Administration a "good

little breathing spell that might give both sides a cooling-off period."

Tim Coone in Managua writes: Father Miguel D'Escoto, Nicaragua's Foreign Minister, described the congressional decision as "an historic vote." The vote represents "an important victory for the millions of Americans who wish to have a Congress of which they can feel proud," he said.

President Daniel Ortega has meanwhile announced that the Government has information that three U.S. military aircraft are being prepared in Honduras to attack targets in Nicaragua. An A-37 jet aircraft of the U.S. air force crashed off Northern Honduras last week, which forced the first public admission that U.S. combat aircraft were present in Honduras.

Imperial Oil optimistic about Arctic discovery

By Bernard Simon in Toronto

A NUMBER of recent discoveries have raised hopes of developing a commercial oilfield in the Beaufort Sea region of the Canadian Arctic by the early 1990s.

Mr Arden Hayes, chairman of Exxon's Canadian subsidiary Imperial Oil, expressed optimism about a small-scale commercial operation following release earlier this week of Imperial's latest Arctic drilling results. Gulf Canada announced last autumn that its preliminary tests in the Beaufort pointed to a substantial oilfield.

Imperial said that an onshore test well 16 km south of the Hamlet of Tuktoyaktuk yielded about 1,000 barrels a day of light gravity crude oil.

Mr Hayes said that pipelines recently built from Alberta to Imperial's oilfield at Norman Wells in the North-west territories could easily be extended to the Beaufort Sea.

Gulf's offshore discovery, about 75 km north of Tuktoyaktuk, indicated a potential production of 12,000 b/d, which would be within the context of existing monetary institutions, he added.

Sarney faces threat after call for early presidential poll

BY ANDREW WHITLEY IN RIO DE JANEIRO

The burial was delayed for hours to allow an estimated 50,000 mourners to troop past the coffin. It followed a plea from Sra Rissoletto Neves, his widow, to allow everyone the chance to pay their last respects.

In a firm pledge to continue his predecessor's political and economic programme, Sr Sarney proclaimed at the graveside "your dream will be ours." After six weeks of uncertainty during President-elect Neves's hospitalisation, the civilian Brazilian Government is finally expected to get down to work in the coming days.

First order of business will be the likely confirmation in the next few days of a new team picked by Sr Neves to reflect the balance of forces in the Democratic Alliance as well as geographical political weight.

With the exception of a few of the closest presidential aides, all the previously-named ministers, including Sr Francisco Dornelles, the controversial Finance Minister, are expected to be retained.

One change that will be made, however, will be the deactivation of the vice-presidential office. No successor to Sr Sarney as vice-president is required by the constitution.

Baker urges Europe to stimulate economic growth

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE COUNTRIES of Europe and Japan should try to "wake up the slack" of world economic growth as U.S. activity starts to slow down, Mr James Baker, U.S. Treasury Secretary, said yesterday.

He emphasised that any stimulus should be non-inflationary. He appeared to rule out the idea of any concerted expansion of public spending if this was to lead to an inflationary rise in fiscal deficits.

Mr Baker was speaking to journalists by satellite link from Washington to the major world centres.

He said Japan's contribution to increased world economic growth would be to open up its markets and goods markets to other countries. European countries could work towards greater flexibility in their capital and labour markets.

Mr Baker conceded that these measures would be part of a medium term strategy, but added that that was all the more reason for making a start.

However, he said changes in monetary policy could be considered, presumably a reference to the idea that European countries might cut interest rates in response to a decline in demand in the U.S. and a fall in the dollar.

Mr Baker said the U.S. would be pressing its allies in next week's economic summit in Bonn to propose a definite date for the start of talks under the auspices of the General Agreement on Tariffs and Trade (Gatt), preferably in 1988.

The U.S. Administration would need this input from the Gatt talks to take U.S. measures for protectionism, he said. "It is important to be able to point to the fact that there will be a new Gatt round in 1988," he added.

He reassured that the discussions on world monetary reform which he had proposed should not be made a precondition for trade talks.

The talks, based on proposals to be formulated by a group of ten industrial countries, would be within the context of existing monetary institutions, he added.

Garcia groomed to take over reins of power

Sr Garcia . . . promises a nationalistic democratic and popular government

Doreen Gillespie assesses the problems awaiting Peru's new leadership

strikes on hand with workers protesting their loss of purchasing power under 130 per cent inflation.

Until now Sr Garcia, aged 35, has put all his energy into winning the election and has been vague about policies. However, in the last ten days he has sought to clarify some essential positions, especially on Peru's \$13bn foreign debt. Sr Garcia has said his government would seek to bypass the International Monetary Fund, which he calls an intermediary, and deal directly with the creditors.

He is known to feel that Peru's domestic problems are so serious that it cannot afford to make more than token repayments on its debt. Although this has been presented by some as a more radical approach than the present government in practice President Belaunde has only been paying these arrears; it feels essential without making a big public fuss.

Sr Garcia has also said his government will welcome foreign investment on terms beneficial to Peru and that a clear open dialogue is necessary with the U.S. but on terms of equality. However, Sr Garcia has said that although he leaves a nationalistic flag he realises the importance of attracting investment. He describes his planned government as nationalistic, democratic and popular. Apri will have to live with the 1985 budget approved by the Belaunde government at the end of last year and apparently intends to use the little money available for public spending on projects in Peru's poorest regions—the departments of Puno and Ayacucho, Sendero's main headquarters.

Apri has been vague on plans for dealing with the terrorist guerrillas except to say that this is in the hands of the armed forces.

Sr Garcia, whose path to the presidency has included smoothing out an age-old running feud between the armed forces and the 60-year-old party, said he expected to reduce Peru's defence spending through promotion of Latin American integration. This, he said, would eliminate competition between neighbouring countries to keep up with each other's arms purchases.

PERU'S OUTGOING President Fernando Belaunde Terry has begun briefing Sr Alan Garcia, the man considered certain to be his successor following the April 14 elections. Sr Garcia, who heads the centre-left opposition party, Apra, has obtained 4% per cent of the vote already counted.

However, the final result is not expected until early May and it is still considered possible that Apri (Alianza Popular Revolucionaria Agraria) might obtain a clear majority thus avoiding the need for a run-off.

Even without a run-off required by the constitution when there is no majority, President Belaunde is working on the assumption that Sr Garcia will take office on July 28.

In the wake of the election, Sr Belaunde has made it clear he intends to conduct an orderly transfer of power and ensure that the incoming government is informed well in advance of the state of the nation. He has also promised to brief the runner up to Sr Garcia, the new mayor of Lima Sr Alfonso Barrientos, who headed the broad left coalition, Izquierda Unida.

As a sign of the informal exchange of information, Sr Juan Inchastegui, the Energy Minister, has passed on to Apri a draft exploration agreement just initiated by Petroperu, the national oil company, and Continental Oil. Oil contracts have traditionally aroused polemics in Peru because of the fear of conceding too favourable terms to foreign oil companies.

Apri has already won a majority in both Houses of Congress as a result of the election. If a second round is held in the presidential election, Apri should receive at least an additional 17 per cent more of the total votes from electors who voted for the two right candidates, Sr Luis Bedoya and Sr Javier Alva Orlandini in the first round. Izquierda Unida as runner up has won an estimated 20 per cent of the Congress membership, and has already said it will remain in opposition during an Apri Government.

Sr Garcia, with his slogan "my commitment is to all Peruvians," has won a majority of votes in every region other than the departments of Arequipa and Huancavelica in the southern Andes where the southern Andes where the Izquierda Unida took the majority. Huancavelica is in the emergency zone controlled by the military in its fight against the fanatical Maoist guerrilla group, Sendero Luminoso (Shining Path).

Apri, weak in administrative experience, and anxious to erase its traditional image of a closed sectarian party, is inviting uncommitted technocrats to join the government team.

Sr Manuel Moreyra, president of the Central Bank from 1978 to 1980, is expected to be the incoming Government's Finance Minister. He is expected to head a delegation to Moscow later this month to renegotiate the \$1,000m (£770m) Soviet debt contracted through the purchase of military equipment during the 1970s.

Sr Alfonso Grados Bertolini, Labour Minister during the first part of the Belaunde Government, is expected to be given the chance of repeating his success in negotiating agreements between conservative business people and labour unions most of which are run by the communist led CGTP.

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WORLD TRADE NEWS

Austria bid to attract more hi-tech companies

By Patrick Blum in Vienna

THE AUSTRIAN Government will promote research and manufacture in biotechnology and genetic engineering by extending a programme launched last November to aid high-technology industries. The original programme made available Sch 1bn (£30m) to help companies which are either already locally based or which might want to establish themselves in Austria to research, develop and manufacture new high-technology products, especially in micro-electronics but also in computer-aided design and manufacturing.

Officials say that there has been some interest from the programme so far with about 50 requests, half of these for micro-electronics, from local and foreign companies.

These include British and West German companies, and all are on a short list of investment projects estimated to be worth about Sch 1bn, with subsidies of about Sch 250m.

A decision on some of these projects is expected in the coming week.

The Government is not providing additional finance for the time being for biotechnology and genetic engineering, but officials say that there is still plenty of money available from the original programme.

Mr Ferdinand Lachmaier, Minister for Transport and the Nationalised Industries, with additional responsibilities for new technology, says that offers for biotechnology and genetic engineering will be open to companies from the beginning of May.

HAWKER SIDDELEY ANALYSIS OF LOST RAILWAY ORDERS**How Britain is 'being gazumped' in world markets**

BY CHRISTIAN TYLER, TRADE EDITOR

HOW SOME RECENT RAILWAY CONTRACTS WERE WON							
Customer	Requirement	Approx. value	Evaluation	Award	Major Reason	Hawker Siddeley / Brush involvement	
Egyptian Railways	104 Mainline Co-Co locos (3 sep. orders)	£60m	Negotiated contract (No international tender)	Thyssen-Henschel (W.G.)	Attractive finance	Not invited to participate	
East Africa (Kenya, Uganda & Tanzania Railways)	74 Gen. purpose locos (4 sep. orders)	£30m	3 negotiated contracts & 1 int'l tender	Thyssen-Henschel (W.G.)	Attractive finance	Dicto	
East Africa Railways	36 Mainline locos	£18m	International tender	Bombardier (Can.)	Attractive finance	Quoted & shortlisted	
Iraq Railways	72 Mainline locos	£48m	International tender	M.T.E. (Fr.)	Political pressure & armament deal	On shortlist of 3	
Susan Metro, S. Korea	Turnkey project for Metro		International tender	Hitachi (Jap.)	Political pressure ensured business placed in Japan	Brush/H.S. were close to receiving order	
Turkish Railways	50 Gen. purpose locos	£20m	International tender	Krauss Maffei (W.G.)	Attractive finance & political pressure	Brush price & tech. offer no. 1 but finance not equal to German	

Source: Hawker Siddeley

case of India.

Other governments were also offering "pre-emptive" aid, whereas the UK would much rather not initiate—a policy that the company says had cost its Brush subsidiary "a number of orders."

The West German Government has pre-empted the UK for a Turkish order for 50 locomotives worth £20m, and the French had not been matched by the UK on a Jamaican order for six, Hawker goes on.

A further complaint is that the UK will offer aid, plus separate finance at the internationally agreed concessionary interest rates.

But competitors are offering a mixed-credit package where the aid is used to cut interest rates and extend the term of the loan even further.

The paper quotes a West German mixed-credit package for Turkey repayable over 30 years with a 10-year grace period, compared with a UK offer of fixed aid and credit at 11.35 per cent payable over 10 years.

The paper concluded that the way the government uses its bilateral and aid-and-trade programmes "effectively precludes British companies from a number of markets."

French win \$40m oil pipeline contract

By Our Trade Staff

SOCIETE d'Assistance d'Entreprise (SAE), the French construction company, has been awarded a \$40m (£23m) contract to build an oil pipeline in Colombia.

The contract is the latest international deal to be announced in connection with two pipeline projects currently under way in Colombia.

The SAE deal provides for construction work on a 228 km pipeline linking oil fields in Colombia's Cauca Province in southern Colombia with an existing pipeline, which connects the Central Rio Magdalena valley with the port of Santa Maria.

Full details of the deal were not announced, but the contract is a boost for French companies, which have been bidding for work on several Colombian pipeline projects.

Bechtel, the U.S. engineering and construction concern, recently was awarded a large contract to build a 500 km pipeline across the Andes in the northern part of the country.

The Bechtel deal calls for a pipeline to connect with the inland centre of Rio Zulia with the Caribbean port of Covenas. Bechtel won the deal after tough price-cutting competition with GTB-Entrepene, a subsidiary of Valeuree steel of France.

The negotiating price was valued at \$500m, but the final contract prices is reckoned to be much less. Also building the first phase of the Rio Zulia pipeline is Mannesmann of West Germany.

• The Abu Dhabi public works department has invited tenders by June 24 for the second of six contracts to build a new international airport at Al-Ain, 150 km east of Abu Dhabi, officials said. Reuter reports.

The 30-month contract covers paving of a 4 km runway, aprons and roads, and water, sewage and irrigation facilities. The estimated cost is \$100m (£83m).

Canada-China venture

BY BERNARD SIMON IN TORONTO

POLYSAR, the state-controlled Canadian synthetic rubber producer, and Gao Giao Petrochemical Shanghai have formed a joint venture to expand production and marketing of synthetic rubber latex in China.

Under the first phase of the partnership, Polysar will supply technology to treble the capacity of Gao Giao's Shanghai plant

from its present limit of 1,000 tonnes of carboxylated latex a year. Most of the increased output will be used by the domestic Chinese paper coating industry.

The companies have also agreed to study the feasibility of building a new 10,000-tonne

Mitsubishi in power-plant deals

MITSUBISHI Heavy Industries has won orders for a thermal power plant worth about Y10bn (£81m) from the China National Technical Import Corporation and a geothermal power plant of about Y1.5bn from Chevron Resources Co of the U.S. Reuter reports from Tokyo.

The China plant, with 300,000-kilowatt power capacity, will be delivered in 20 months to a power station in the Jinan district of Shandong Province, it said.

The companies have also agreed to study the feasibility of building a new 10,000-tonne

a year plant in Shanghai to supply markets in China and other countries in the Far East.

The Chinese plant, with 300,000-kilowatt power capacity, will be delivered in 20 months to a power station in the Jinan district of Shandong Province, it said.

The Chevron order, placed through Mitsubishi Corporation, is for a 17,000 kw plant to be built at Beowave, Nevada. It should begin operations by the end of 1985, it said.

Mitsubishi Motors has set up a U.S. subsidiary in Philadel-

phia to market medium and small-sized diesel-engine trucks from next year, AP-DJ adds.

Fuso Truck of America, capitalised at \$2.1m (£1.6m), will begin organising dealer networks from June. The company will initially sell medium-sized trucks and smaller trucks over one to two years' time. The target would be 5,000 units annually, the company said.

• Trade between the U.S. and China grew by 18 per cent in January and February, compared with the same two-month period of 1984, the U.S. Embassy reported yesterday, AP-DJ reports.

Volume for the two months totalled \$1.169bn (£974m), compared with \$978.8m a year earlier.

U.S. exports climbed 27 per cent while imports of Chinese goods rose 13 per cent, shaving the U.S. deficit to \$83m from \$128.8m in the same period last year.

After the 1984 expiration of the Sino-U.S. plain agreement, U.S. exports of wheat slumped \$32.7m in January and February, compared with \$114.5m a year earlier.

Non-agricultural goods accounted for 93 per cent of U.S. exports, led by fertilisers, mining machinery, computers and railroad equipment.

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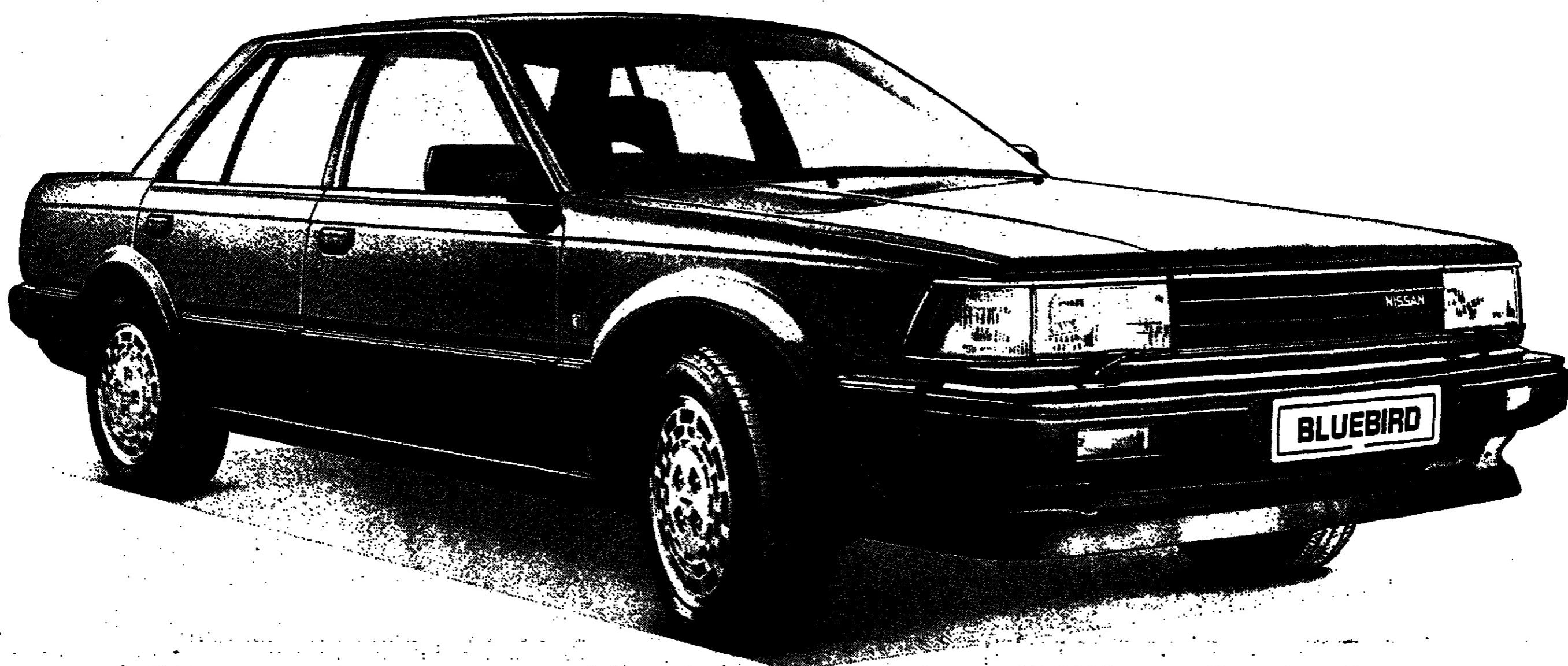
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U.S

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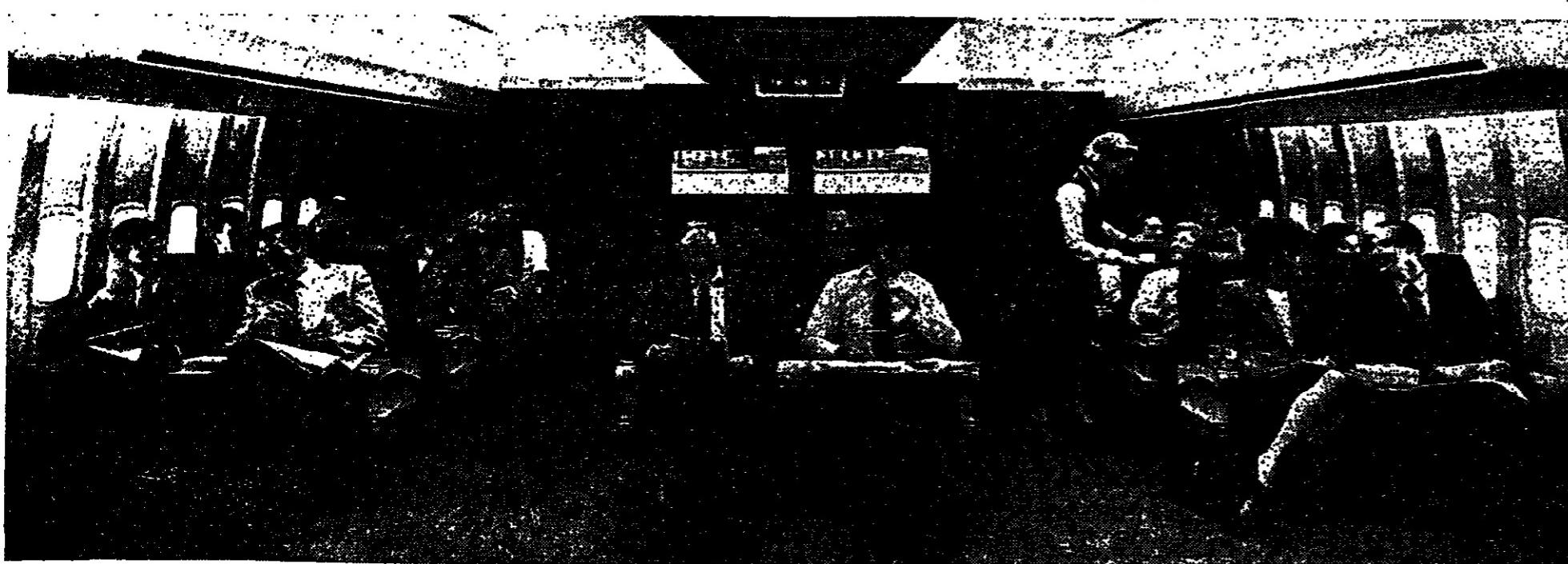
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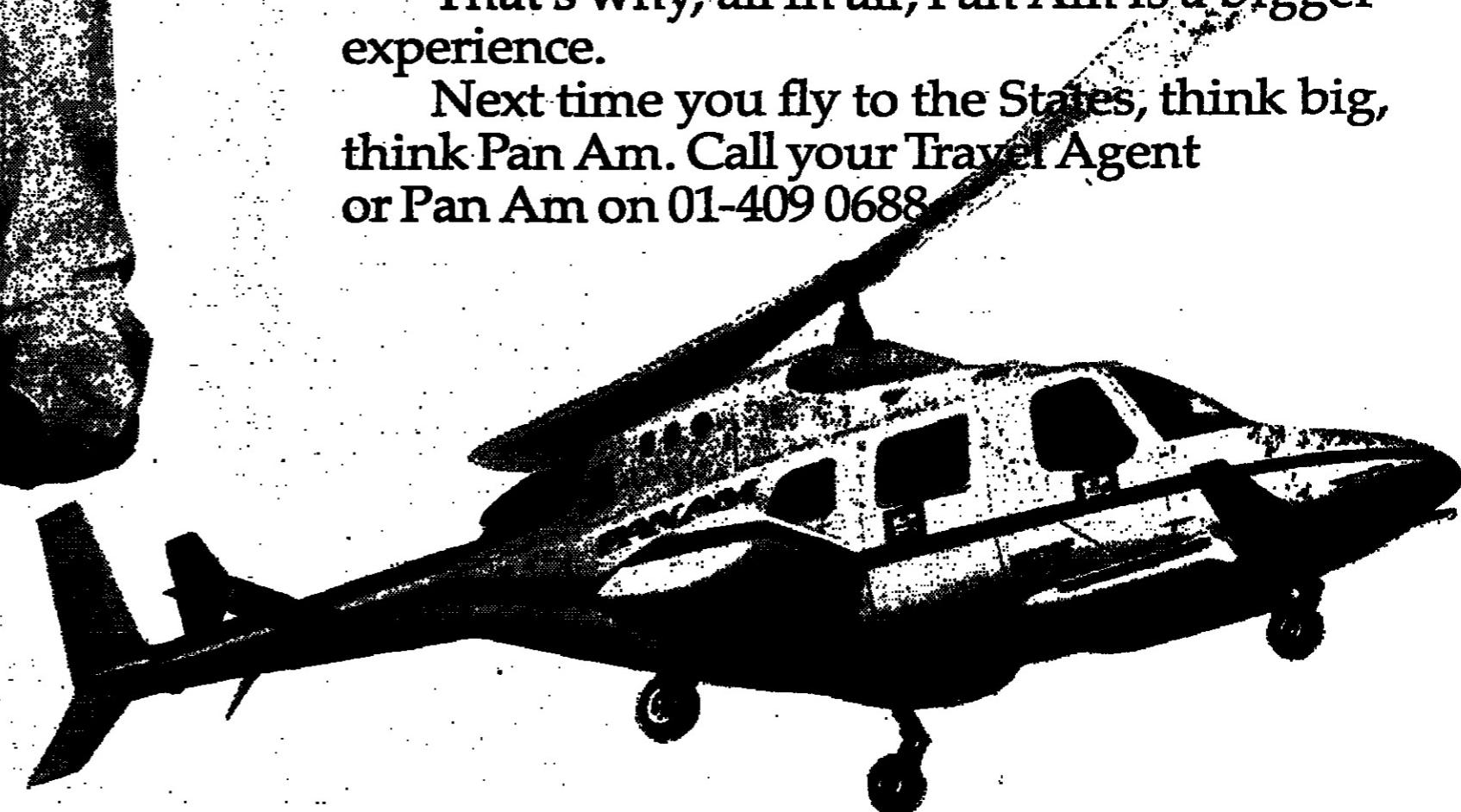


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UK NEWS

Unions to suffer 'continuing deficits'

BY KEVIN BROWN

TRADE UNIONS in the UK will continue to face serious financial difficulties over the next few years, according to a confidential trades union congress (TUC) document to be considered today by a special planning conference of senior union officials, Philip Bassett writes.

The conference, to be held at the TUC's London headquarters, is part of its long strategy exercise, aimed at examining the role and objectives of trade unions in the 1980s and beyond.

One MP spoke out wholeheartedly in favour of the deal, while both Tory and Labour anti-Marketarians were angrily critical of the increased provision for agricultural spending.

Mr Ian Stewart, the Economic Secretary to the Treasury, said the agreement provided a realistic basis for the 1985 budget and was a satisfactory outcome for the UK.

He said the overall figures for agricultural spending and supplement

Revised EEC budget gets tough reception

BY KEVIN BROWN

THE REVISED EEC budget agreed in Brussels by Community finance ministers received an almost unanimously hostile reception from MPs in the House of Commons yesterday.

The agreement requires a supplementary contribution from member states totalling £1.15bn, almost entirely to finance increased farm spending. The UK will contribute about £250m gross, although much will return in the form of Community grants and other payments.

Only one MP spoke out wholeheartedly in favour of the deal, while both Tory and Labour anti-Marketarians were angrily critical of the increased provision for agricultural spending.

Mr Ian Stewart, the Economic Secretary to the Treasury, said the agreement provided a realistic basis for the 1985 budget and was a satisfactory outcome for the UK.

He said the overall figures for agricultural spending and supplement

ary financing were lower than had been thought by member states with a strong interest in farm prices, notably West Germany, France and Ireland.

Mr Stewart said he had made clear both to the budget council and the European Commission that no further supplementary payments would be made this year by the UK.

He said the Commission would have to find other ways to close any financing gap that might arise, including reallocation of underspend, which normally becomes clear at the end of the year.

He conceded, however, that "in the last resort" it might be necessary to transfer a shortage in the last few weeks of the year into the 1986 budget.

Mr Stewart insisted that the need for increased farm spending this year was due to "past excesses," and he defended the Government's claim that EEC spending was now under control.

Mrs McDonald said the increase in the level of EEC value-added tax receipts, the Community's "own resources," before the rebate would be paid, she complained.

Mrs McDonald said the increase in the amount of the budget spent on agriculture made nonsense of the Government's claim that farm spending was under control.

The agreement was supported by Mrs Virginia Bottomley (Conservative) who said the long-standing dispute about resources could now be replaced by constructive discussion about the problems facing the Community and about the maintenance of peace and democracy.

European air transport 'needs more competition,' say Lords

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SCHEDULED AIR transport in Europe needs to be more competitive, and the UK Government should support efforts of the European Commission to achieve that objective.

The House of Lords select committee on European communities, in its report on European air transport policy, issued yesterday, declared bluntly that the present system is inefficient and operates to the detriment of the consumer, in both the quality of service and in levels of fares.

The committee welcomed the European Commission's own limited proposals for deregulation of air transport, published last year in what is known as "Memorandum Two." Those included moves to achieve greater flexibility in air transport affairs, and some increase in competition.

The consumer gets a poor deal, with complicated, but not necessarily helpful, fares structures, over-rigid timetabling and barriers against innovation." It says that, on most routes, flag-carrying airlines are insulated from competition as a result of bilateral arrangements.

"It also seems likely, though the matter has never been tested legally, that the anti-competitive aspects of these bilateral arrangements are contrary to the Treaty of Rome."

The committee said it believed that the case for creating a more competitive climate in European air

transport was "overwhelming." Only by creating such competition would it be possible to see whether the widespread suspicion was correct that the present system is inefficient and operates to the detriment of the consumer, in both the quality of service and in levels of fares.

The committee welcomed the European Commission's own limited proposals for deregulation of air transport, published last year in what is known as "Memorandum Two." Those included moves to achieve greater flexibility in air transport affairs, and some increase in competition.

The committee also recognised that many scheduled airlines in Europe were opposed even to the limited ideas voiced by the Commission. "Clearly, there is a battle ahead," it said.

It would like to see at least four preliminary lines of attack on the problem - reduced government involvement in airline agreements; more innovation and flexibility in

fares-fixing; limitations on capacity restrictions; and revenue-sharing agreements; and better market access for other airlines.

It is also recognised that the Commission would not succeed in its aims of creating more competition without full support from like-minded member states, including the UK.

"The UK Government's advocacy of more competition, and its pursuit of greater liberalisation in bilateral agreements, have helped to influence thinking in Europe. The committee applauds the Government's policy in this matter, and urges that it should continue to pursue it vigorously."

At the same time, the committee wants the UK to give full support to the Commission's efforts to achieve what are in essence the same objectives as the UK's own.

House of Lords Select Committee on European Communities European Air Transport Policy: HL 15; Stationery Office, £12.15 net.

Britain names first astronaut

BY PETER MARSH

SQUADRON LEADER Nigel Wood, a Royal Air Force test pilot, is to be Britain's first astronaut, Mr Michael Heseltine, the Defence Secretary, announced yesterday.

Squadron Leader Wood will fly on a US space shuttle in June next year and help US astronauts to launch a new British military satellite, Skynet-4A.

A second Briton, Commander Peter Loughurst of the Royal Navy, will be among the crew for a further shuttle mission in December 1988 that will inject a second Skynet craft into space.

The two men were chosen from a corps of four Britons, all Ministry of Defence employees, who have been in training since last year. Lieutenant-Colonel Richard Farrimond of the Royal Signals and Mr Christo-

pher Holmes, a civilian, will act as back-ups to the two chosen to enter orbit.

Squadron Leader Wood said he is impatient to get into space. "It is a long time to wait for such a splendid ride," he said.

The first Briton to leave the atmosphere will do so 25 years after the space voyage of Yuri Gagarin of the Soviet Union. Since his flight, about 180 people, most of them Americans or Russians, have orbited the Earth.

Besides assisting with the satellite deployment, Squadron Leader Wood will occupy himself on his flight with a set of scientific experiments, to test, for example, the behaviour of materials in weightlessness.

The Ministry of Defence is waiting for the US National Aeronautics and Space Administration, the operator of the shuttle fleet, to approve the specific experiments to ensure they are safe to take into orbit.

Mr Heseltine said yesterday it was too early to say whether the four astronauts would return to their previous jobs after next year. One possibility is that they might form part of a corps of British spacemen who would leave the Earth again in missions on the international space station, planned for the 1990s.

Britain is one of 11 Western European nations sharing the project along with the US, Japan and Canada.

Funds plan protest over tax rules for offshore trusts

BY GEORGE GRAHAM

LEADING FUND management groups plan to complain to the Inland Revenue over the application of new regulations on the taxation of offshore unit trusts and investments.

The regulations were introduced in January 1984 with the intention of preventing investors from converting interest payments, liable to income tax at up to 60 per cent, into more lightly taxed capital gains.

The move was aimed primarily at roll-over deposit funds, but managers say it is also affecting funds investing in equities, which produce genuine capital growth rather than just accruing interest. One fund's tax position has already been upset, and others face uncertainty.

One of Henderson's own funds, Prime Residential Property, is experiencing some difficulty in obtaining distributor status.

Mr Brown says further difficulties arise over the accounting treatment of start-up expenses in new funds, over the six-month time limit within which funds must apply for certificates and over equalisation payments made to new investors to adjust for the fact that they have not held units for a full accounting year.

tal gains tax when they sell their shares.

Henderson Administration, which has a stable of funds based in Guernsey, has written to other leading offshore groups to enlist support, and Mr Martin Brown, who runs the group's offshore funds, hopes to make representations to the Inland Revenue soon.

The Inland Revenue, however, said that no difficulties were arising as far as it was concerned, and that certificates of distributor status were being granted almost without exception.

One of Henderson's own funds, Prime Residential Property, is experiencing some difficulty in obtaining distributor status.

Under the new rules, an investor may pay income tax on all gains in an offshore fund, regardless of how they occur. But if a fund pays out more than 85 per cent of its income as dividends, it may apply for a certificate of "distributor status" from the Inland Revenue. In that case, investors pay income tax on their dividends, but only 30 per cent capi-

Cable & Wireless seeks stake in Teleway Japan

BY LIONEL BARBER

CABLE & WIRELESS is to continue talks aimed at acquiring a stake in a newly created Japanese telecommunications company, Nihon Kosoku Tsushin (Teleway Japan), despite an initial refusal from key shareholders.

Cable & Wireless officially confirmed yesterday that it was interested in an equity investment in Teleway and that the matter had been raised by Mr Norman Tebbit, Trade and Industry Secretary, during his recent trade mission to Japan.

However, key shareholders in Teleway, notably the Ministry of Construction, have told Cable that they are more interested in a joint venture that would involve exchanging technology and management know-how.

That less than enthusiastic response to foreign companies seeking to break into the Japanese market, which it views as on the brink of "explosive growth," and is holding talks with several parties. The Japanese Government has said it is keen on promoting the "rewiring" of Japan's telephone system through fibre-optic cable and the use of satellites.

Foreign investors are allowed, according to recently enacted Japanese legislation, to acquire up to 30 per cent of the equity in those groups, which are known as Type I telecommunications companies.

Cable & Wireless is already a big player in the Pacific market, with subsidiaries in Hong Kong, India, and other former British colonies. In the UK, it owns Mercury Communications, which is in competition with British Telecom.

Cable & Wireless is particularly keen on breaking into the Japanese market, which it views as on the brink of "explosive growth," and is holding talks with several parties. The Japanese Government has said it is keen on promoting the "rewiring" of Japan's telephone system through fibre-optic cable and the use of satellites.

Awards for journalists

BY JAMES McDONALD

SARAH HOGG, of The Times newspaper, won the £1,500 senior prize in the Harold Winfoot 1984 financial press awards, with Lucy Kellaway of the Investors Chronicle taking the junior prize of £800. Lucy Kellaway has since joined the Financial Times.

David Oates of The Western Morning News, Plymouth, won the provincial journalist's award of £1,000.

Sarah Hogg, the first woman to be named Financial Journalist of the Year in the 15 years of the awards, won for "maintaining a consistently high standard of economic comment." Lucy Kellaway

won against a record number of entrants.

Mr William Clarke, chairman of the Winfoot press panel, described the level of competition as "the toughest for many years" and said it would probably get tougher still in the future with the increasing and more specialist coverage of financial topics, particularly in the provincial press.

Presentation of the awards, for outstanding achievement in economic and financial journalism, was made by Mrs Joyce Winfoot at a luncheon at the head office of the Midland Bank.

Hoechst

NOTICE IS HEREBY GIVEN THAT

The Annual General Meeting will be held at 10 a.m., on Tuesday, 4th June 1985,

at the Jahrhunderthalle in Frankfurt am Main-Höchst, Pfaffenwiese.

Agenda

1. Presentation of the Annual Report and Accounts of Hoechst Aktiengesellschaft for 1984, with the Report of the Supervisory Board, and the Consolidated Report and Accounts for 1984.
2. Allocation of the profit available for dividend. It is proposed to pay a dividend of DM 9,- per share of DM 50,- nominal for the financial year 1984.
3. Ratification of the actions of the Board of Management for 1984.
4. Ratification of the actions of the Supervisory Board for 1984.
5. Election to the Supervisory Board.
6. Election of auditors for the financial year 1985.

The full agenda, including the proposed resolutions, is contained in the Bundesanzeiger no. 79 of 26th April, 1985. Shareholders wishing to be present and to vote at the Meeting must comply with Article 14 of the Articles of Association and deposit their share certificates during usual business hours by Thursday, 30th May 1985, at the latest until after the Meeting, at one of the depositories listed in the Bundesanzeiger no. 79 of 26th April 1985, or, in the United Kingdom, at the offices of

S. G. Warburg & Co. Ltd.
33, King William Street
London EC4R 9AS

Frankfurt am Main, April 1985

Hoechst Aktiengesellschaft

COPENHAGEN HANDELSBANK A/S
(Aktieselskabet Kjøbenhavns Handelsbank)
Rights issue of 2,600,000 new shares of Dkr. 100 each at a subscription price of Dkr. 105 per share

In accordance with the authority given at the Annual General Meeting on 16th March 1985 the Board of Directors of the Bank has decided to increase the share capital of the Bank from Dkr. 1,040 million to Dkr. 1,315 million by way of a new issue of shares. Shareholders will be invited to subscribe for 2,600,000 new shares at a price of Dkr. 105 per share whilst the staff of the Bank will be invited to subscribe at the same price for 150,000 new shares. The new shares will rank in all respects pari passu with the existing shares including the right to the dividend in respect of the 1985 financial year.

Holders of shares in the Bank will be entitled to subscribe for one new share for every four shares held. Shareholders who wish to subscribe must deliver Coupon No.18 together with the appropriate payment to the head office of the Bank or to any of the Bank's branches or sub-branches. Shareholders who do not make use of their subscription rights, or whose entitlement is insufficient, may sell Coupon No. 18, and the purchaser will be entitled to use this right to subscribe for new shares. The rights, in the form of Coupon No. 18, will only be dealt in on the Copenhagen Stock Exchange.

The subscription list will be open from 10th May to 24th May 1985.

Definite share certificates will not be issued until later in the year, at which time permission will be sought for admission of the securities to listing on The Stock Exchange, London.

Copies of the prospectus and further details may be obtained from:

Copenhagen Handelsbank A/S
Issue Department
2, Danmarks Kanal
DK-1051 Copenhagen K.
Denmark

Listing particulars will be published prior to listing of the new shares in accordance with The Stock Exchange (Listing) Regulations 1984 and will be available at the Company Announcements Office of The Stock Exchange, London, and at the London Branch of the Bank.

Copenhagen, 26th April, 1985

COPENHAGEN HANDELSBANK A/S
(Aktieselskabet Kjøbenhavns Handelsbank)



Amherst, April 26, 1985

The Board of Management of Akzo N.V. announces that on April 25, 1985 the results for the first quarter 1985 were published.

Copies of this report may be obtained from the London Paying Agents:

Barclays Bank PLC
Securities Services Department
54, Lombard Street
London EC3P 3AH
and
Midland Bank PLC
International Division
Securities Services Department
110-114 Cannon Street
London EC4R 8AA.

or at the offices of:
Akzo N.V.
Velperweg 76
P.O. Box 186
6800 LS Arnhem
The Netherlands

Amherst, April 26, 1985

UK NEWS

Cash injection of £2.65bn for coal industry

BY IAN HARGREAVES

THE coal industry was yesterday thrown a £2.65bn lifeline by the Government, but told that it will receive no further grants beyond March 1987.

The Coal Industry Bill, published yesterday and to be debated in the House of Commons next week, sets the financial framework within which Mr Ian MacGregor, the Coal Board chairman, must now reshape the industry.

It also in effect commits the Government to pushing the coal industry back into the black before the next general election — which may turn out to be a significant political gamble.

Mr David Hunt, the junior energy minister responsible for coal, said yesterday that he was confident the break-even target, which had been agreed with the coal board, could be achieved.

"We sense that there is a positive commitment to build the industry and regain the confidence of markets. We believe the Bill provides an effective and sufficient transfusion of funds which will enable the industry to break even at the end of next year," he said.

Yesterday's Bill makes three separate financial provisions for the industry:

- It provides up to £2bn in deficit financing, of which up to £1.2bn is expected to be used to cover deficits in the year of the strike. A further £600m will be available in the financial years 1985-86 and 1986-87, with an option to release a further £200m subject to parliamentary approval.

- The scheme to compensate redundant miners is to be extended by a year to March 1987, increasing the limit on funds available by £600m to £1.8bn.

- The limit on payments from the Government to the coal board to

cover the cost of pit closures is to rise from £500m to £450m.

Mr Hunt would not be drawn on the planning assumption behind the figures, although the sums still available under the redundancy scheme — about £600m has already been spent — suggest that a further 400 redundancies could be financed.

Mr Hunt did say that the break-even target would be defined as existing National Coal Board accounting practices and on a post-interest basis. There would, he said, be no writing off the coal board's debt at this stage.

The Bill's provisions suggest that the cost of the strike to the coal board was more than £2bn, but that the Government and Mr MacGregor believe the industry can rapidly cut its losses to levels much lower than applied before the strike. In 1983-84, the coal board needed a deficit grant of £875m. The year before it received £374m.

Mr Hunt said the Government was encouraged at the low level of victimisation since the strike and at the rapid progress made in recovering both production and productivity.

The coal board said yesterday that production has reached 1.25m tonnes a week, compared with a normal level of just over 2m tonnes. It expects to achieve 90 per cent of normal production by the autumn.

Obstacles are still being created by the discovery of additional problems at damaged coal faces. A report in the industry newspaper yesterday said that 71 faces were lost during the strike and a further 42 are causing concern. A little more than 400 faces are in production.

The detailed application of the Government's financial restrictions will depend upon the outcome of an area by area review of investment plans now nearing completion.

Lawson stands by 6% inflation rate forecast

BY KEVIN BROWN, PARLIAMENTARY STAFF

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday repeated his budget forecast for inflation, despite the announcement by Mrs Margaret Thatcher, the Prime Minister, that the target was now 3 per cent.

Mr Lawson said he expected inflation to remain above 6 per cent for the next few months before falling to 5 per cent at the end of the year, and below that level in 1988.

Challenged by an MP in the House of Commons on when he expected to achieve Mrs Thatcher's forecast of 3 per cent, Mr Lawson replied, "in due course."

He was questioned further by a Labour Treasury spokesman, who asked what level of unemployment the Government would find acceptable in pursuit of 3 per cent inflation.

Mr Lawson said the issue was what measures were best calculated

to reduce unemployment, a problem Britain as well as the whole of Western Europe faced.

"The policies we are pursuing are best calculated to do that," he said.

Mr Roy Hattersley, the shadow Chancellor, said yesterday he had no doubt that the Prime Minister would "ruthlessly" pursue her 3 per cent target for inflation.

She would do so with a cynical disregard for the real interests of the economy, because such a reduction in inflation was the one hope she had of going into the next election with anything that could be presented as an economic success, he said.

Mr Hattersley said he feared the Government would further tighten monetary policy, and push up interest rates and the exchange rate, achieving the political goal but damaging the economy.

Mr Lawson said the issue was what measures were best calculated

Labour shows strong lead in opinion polls

BY PETER RIDDELL, POLITICAL EDITOR

THE Labour Party has consolidated its lead over the Conservatives in the past month judging by the latest opinion polls published yesterday, a week before local government elections on May 2.

Mr Neil Kinnock, Labour leader, said yesterday that his only wish was that there could be a general election next week because Labour would win a comfortable majority.

The party is now more confident of maintaining its position in areas such as Lancashire and Avon, where it is defending seats won in 1981.

One poll puts Labour at 38 per cent, 5 per cent ahead of the Tories at 33 per cent and the Social Democratic and Liberal Alliance at 28 per cent. That survey was conducted between April 11 and 15, at the end of the Prime Minister's controversial Far East tour.

Job losses at Systime

BY JASON CRISP

SYSTIME, the Leeds-based mini-computer company recently taken over by Control Data (CDC) of the U.S., is to cut its workforce by a quarter.

The company, which suffered a serious cash flow crisis before the takeover, told employees yesterday it wanted 270 redundancies out of the total staff of 1,100. Systime hopes that most will be voluntary and said it expected them to be at all levels in the company and from all functions.

Systime has had financial difficulties for about three years and made more than 100 people redundant about 18 months ago. Two weeks ago CDC, which had a 45 per cent stake in Systime, bought a fur-

Canadian bank to buy into stock firm

By John Moore

CANADIAN Imperial Bank of Commerce Group (CIBC) is entering the financial services revolution in London. Through its UK subsidiary, it announced yesterday that it was to acquire the London stockbroking firm of Grenfell & Colegrave.

Initially, the bank is to acquire a 50 per cent stake in Grenfell & Colegrave, which it intends to raise to 100 per cent once Stock Exchange rules permit. At present outside financial groups can hold only a maximum stake of 28.9 per cent in stockbroking firms.

Mr John Pattison, managing director of CIBC, said yesterday that with the deregulation of the British Stock Exchange "London has been confirmed as a major financial centre."

"We do not have overlaps. There are no conflicts of interest between us. We had looked at other firms but some people in our organisation knew Grenfell & Colegrave people," he said.

He added: "We do corporate underwriting but our ability to do so in the UK has been inhibited by not having a link with a domestic operation which knows its way around the market."

CLAIMS OF MALPRACTICE FORCE NEW POLL

Union orders re-run of election

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE TRANSPORT and General Workers' Union (TGWU) is to repeat a ballot held last year to appoint a new general secretary.

A repeat was ordered last night by the union's executive committee after claims of malpractice in the first election.

The decision was taken by 31 votes to five. Both principal candidates in last year's election were

Mr Ron Todd, the winner, whose arguments to the executive swayed in favour of a re-run, said: "I was elected general secretary-elect and I am going to say to the membership: back me or sack me." The los-

er, Mr George Wright, said: "I believe that the decision that the executive have taken will lift the cloud over the union."

Yesterday's vote was a considerable climbdown for the leadership of the left-wing union. It was taken against the strong recommendation of Mr Moss Evans, the retiring general secretary, who said that the executive had heavily endorsed his view that there was insufficient evidence to justify a fresh ballot. He maintained that there had been no evidence of ballot-rigging.

Mr Evans marked the decision as "very, very sad day for our union" and said: "I hope we will be able to come out of this with some degree of credit and that our union will be able to overcome the crisis it finds itself in."

All five candidates who stood in last year's election will be able to stand again, although one, Mrs Marie Paterson, has retired from her job as a national officer and so is unlikely to do so. The other two, Mr Todd Sullivan and Mr George Henderson, have not yet made their positions clear.

One of the criticisms levelled against the TGWU's last election was the flimsiness of its cardboard ballot boxes, with the suggestion that they were easy to tamper with. The union has now obtained new, stronger boxes, which will be produced by May 1 and delivered to branches by May 3.

1987 on the basis of a job evaluation exercise.

Ford yesterday expressed disappointment at the result of the inquiry, but was reluctant to comment further until full details were known. However, the company repeated its view that the sewing machinists' pay structure was misconceived and it will have to change.

The sewing machinists, who make headrests and seat covers and are almost all women, objected to being put into Grade B when the pay structure was established in

Minet to be investigated by Price Waterhouse

By John Moore, City Correspondent

A STEERING committee of Lloyd's underwriting members, who have suffered from large losses on an insurance syndicate managed by insurance brokers Minet Holdings, have appointed accountants Price Waterhouse to investigate the situation.

The steering committee is seeking to raise a "fighting fund" from underwriting members affected by losses, which may rise to £100m and are asking for £250 a head.

More than 400 members are affected by the latest troubles on insurance syndicate 918, which is managed by Minet's Richard Beckett underwriting agency.

Mr Geoffrey Lawson, a member of the steering committee, has told underwriting members in a letter: "We unanimously feel that there is an urgent need for more information to obtain immediately."

He said: "We have each contributed £250 towards the expense of our advisers and we are writing to seek your support."

Lord Goodman has been appointed honorary chairman of the steering committee.

Ford's pay structure 'may need reform'

BY DAVID BRINDLE, LABOUR STAFF

UNION LEADERS believe that Ford's pay structure will require fundamental reform as a result of the decision of an independent inquiry team to uphold a 17-year-old claim for regrading of 270 sewing machinists.

It was disclosed yesterday that the inquiry, which is binding on Ford, had found in favour of the sewing machinists, who struck for six weeks at the end of last year and will receive a weekly pay rise of £5.67.

Although neither the company

nor the Transport and General Workers' Union had by late yesterday received copies of the 44-page inquiry report, union leaders said

they knew the conclusion was so emphatic as to call into question the whole basis of the Ford wage structure.

They maintained that not only had the sewing machinists been promoted from the Grade B pay level to Grade C, as had been the

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THE MANAGEMENT PAGE

Bureaucracy fails to foil an ingenious take-off

BY LYNTON McLAIN

EDGLEY AIRCRAFT had a strange start in life. Its three-seater Optica observation aircraft was born in pieces on the floor of a house in Islington, North London.

Today, nine years later, the first production model will be delivered to Air Foyle, a charter company at Luton. The aircraft will be used by the Hampshire Police for observation trials; the results will be sent to the Home Office for evaluation and the aircraft may become a familiar spy in the sky.

Europe's newest—and possibly its most unusual—aircraft began life as an idea in John Edgley's head shortly before he abandoned his career in civil engineering to take a course in aeronautical engineering at Imperial College, London. "I got fed up with being subservient to architects and I had the idea of building not just an aircraft, but an aircraft factory," he says.

He borrowed the college wind tunnel to prove the design of the Optica, believing that "if you do not think something is impossible, you can get it done."

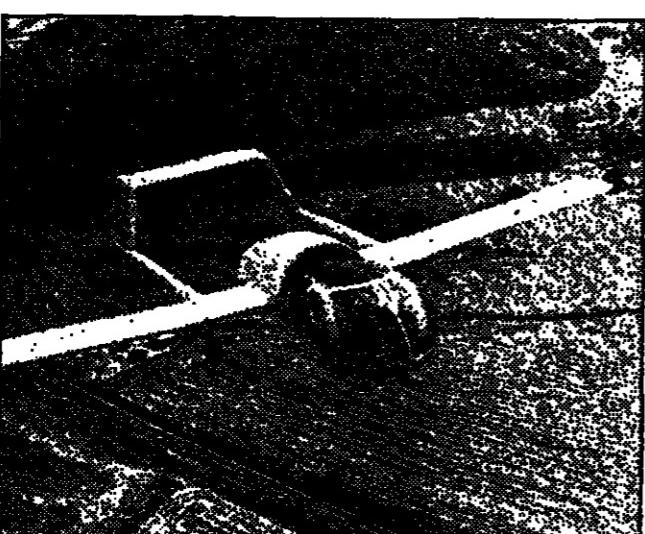
With the aid of a mere £1,200 of private money, he built the first Optica, almost single-handed, buying an adjoining house in Waterloo Terrace, Islington, as the improbable project progressed.

"I did the metal de greasing in the bathroom and had the press shop in the garden," he says.

The bright yellow prototype Optica was taken in pieces to Cranfield Institute of Technology, Bedfordshire, for its maiden flight in 1979.

The next crucial stage was to decide how to go from prototype to production. "We looked at different strategies: of sub-contracting or licensing the production of the aircraft or building it ourselves. But by getting someone else build it we would have lost control of production and pricing," says Bill Fraser, a management consultant and now Edgley's managing director.

The company considered, and then rejected, the idea of subcontracting or licensing the production of the aircraft to the existing large UK aerospace companies such as British Aero-



Edgley Aircraft's three-seater Optica is powered by a U.S.-built Lycoming engine. It costs £139,250. Once airborne, it can loiter as slowly as 50 knots and can turn in 60 yards. Its operating costs are about 25 per cent of those of a small helicopter

space. Westland or Shorts because of their "high overheads and the high production price they would offer." The company was also worried that if it passed production over it would not be able to "get a team together and would be unable to work on future projects."

Bill Fraser—with an initial team of six people—spotted a site for the aircraft company where he drove past the grass airfield of Old Sarum near Salisbury, Wiltshire, in 1981. He saw a Ministry of Defence "For Sale" notice and put in bid to buy the airfield and its former Royal Flying Corps hangars. A Lloyds Bank mortgage was arranged and the search began for funding to put Optica into production.

"We wasted an incredible amount of management time failing to persuade the Department of Trade and Industry to provide launch aid, repayable from orders, for the Optica project," says Fraser.

"We proved to the DTI, as they requested, that we needed launch aid, for production

Schroder Investment and the Esso Pension Trust.

The company is still bitter about the attitude of the DTI. "Here was a new technology product, creating a lot of jobs and one that would have justified a lot of Government money. If the money was available, it should have gone to companies like Edgley Aircraft that showed promise in creating jobs," Fraser says.

The management was left with the impression that launch aid was only for "major established blue chip companies or for companies with small products that do not deserve support. We fell in between," Fraser says.

Meanwhile in the last four years the company has won 84 orders, 90 per cent for export, worth £11.6m (although it will not disclose who its customers are) and has created 280 jobs since it moved into Old Sarum. (The Optica won its certificate of airworthiness from the Civil Aviation Authority in February.)

"We were surprised at the rate the orders came in, as we had been gradually building up the production process before certification and had wanted to start selling when we had a production aircraft capacity," Edgley says.

The company is forecasting sales of 2,000 to 5,000 Opticas over the next 10 years. The forecast covers a wide range because the company strategy is to market Optica initially to the civil market only and not in the U.S. or to military users.

The military market will have to wait, because "we cannot cope with the demand from the civil market," the company says. The minimum delivery time is 12 months and production capacity is to be built up to an annual rate of 88 aircraft next year. At that time Edgley intends to start marketing in the U.S.

"We fully expect to double capacity, possibly in 1987," Fraser says.

The company is already considering its next moves, including a possible stock market flotation in two to three years. Tel: 01-579 9411.

Design in Industry, A vital profit factor, Birmingham, May 25. Fee: £20. Details from the Secretary, Neil Chamberlain, Design and Industries Association, 17 Lawn Crescent, Kew Gardens, Surrey TW9 3NR. Telephone: 01-842 4925.

Business courses

Just-in-time inventory seminar, Crest Hotel, High Wycombe. Fee: £84.25 members, £109.25 non-members. Details from The British Production and Inventory Control Society, 45-47 South Street, Bishop's Stortford, Hertfordshire. Phone: 0279 56695.

Franchising, 18-19 June. Fee: £360 + VAT/£380 + VAT after 4 June. Details from Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT.

Defence contracting for accountants, London. June 5-6. Fee: £414. Details from Miss Van Wycks, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel: 01-404 4756. Telex: 896827 TACS G/Ref 1202.

The British Production and Inventory Control Society, open day, September 18, Excelsior Hotel, Heathrow Airport, 11.15 am. Fee: £140. Details from Raymond S Lee, 45-47 South Street, Bishop's Stortford, Hertfordshire CM23 3AC.

Economics Seminars for business managers, May 22, 23 and June 5, Liverpool. Fee: £100 for each day, or £275 for three days. Details from Maureen Kay, Department of Economic and Business Studies, Eleanor Rathbone Building, PO Box 147, Liverpool L16 3BX. Tel: 051-799 6022, Ext 2622.

Computer-aided production management exhibition, April 30-May 2, Wembley. Fee: £40 + VAT members, £45 + VAT non-members. Details from Nan Dancer, Conference Manager, Institute of Production Engineers, Rochester House, 66 Little Ealing Lane, London W5 4XX.

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Marketing, 18-19 June. Fee: £140 + VAT members, £165 + VAT non-members. Details from Raymond S Lee, 45-47 South Street, Bishop's Stortford, Hertfordshire CM23 3AC.

IS IT AN ART OR A SCIENCE?

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FINANCIAL TIMES SURVEY

Friday April 26 1985



Italy's powerhouse is a city of flair and hard work. This lively commercial and industrial centre has an atmosphere distinctly European rather than Mediterranean.

MILAN

Work ethic of go-ahead city

By Alan Friedman

MILAN IS Italy's financial and industrial centre, a city with a work ethic which borders on being Swiss and a cultural tradition which is distinctly more European than Mediterranean. This city of 1.7m—3m if the surrounding suburbs are included—is full of contradictions: the adopted home of Leonardo and the site of his Last Supper is now the home of Alfa Romeo, Montedison, Pirelli, Banca Commerciale Italiana and countless other corporate names. The home of Italian capitalism is a city ruled since 1976 by a Socialist-Communist coalition.

The centre which in Italy is known for its almost Calvinistic devotion to labour is at the same time full of businessmen who can hardly wait to leap into their BMWs on Friday evenings to head for ski resorts and lakeside villas. And a city which prides itself on being a major

world centre for fashion and avant-garde art and design is also at times an oppressively provincial place, somehow unable to come to terms with its cosmopolitan image.

Italy's Prime Minister, Bettino Craxi, is the first Milan-born head of government, but this does not mean he is particularly loved in his home town. The hectic and work-oriented Milanese have little time for either Rome, which they sarcastically dismiss as a bureaucratic nightmare, or politicians who simply do not create wealth.

"Mrs Thatcher would like life here," said one Milanese banker. "We get things done."

Fast pace

This is certainly true in fast-paced Milan, where the unemployment rate is a paltry 3 per cent. Together with the region of Lombardy, Milan accounts for a third of Italy's gross domestic product (GDP) and a third of the country's exports.

What is fascinating about the growth of Milan as an economic centre is that the city has no

real indigenous resources. Its most attractive asset is perhaps its location, on the Po plain, 90 minutes from the port of Genoa, less than an hour from the Swiss border, 2½ hours from France.

Milan is a central European trading post, a crossroads which for centuries has made it a natural site for commerce.

Its origins go back to the 6th century BC, when a Celtic village was founded. Conquered by Roman Legions in 222 BC, Mediolanum (as it was known) attempted to rebel, becoming an ally of Carthage. But the Romans won and Milan fell again.

Very few traces of the Roman period remain in the city, but then Milan has been sacked and occupied by so many different powers that this is not surprising.

By the 13th century Milan and Lombardy fell to the Visconti family, who ruled until the middle of the 15th century and began work on the famous Gothic cathedral, the Duomo, as well as the huge castle which bears the name of the Sforza family, which succeeded the Viscontis.

Later Milan was subjected to the rule of the French and Spanish monarchies and then in the 18th century fell under the Austrian Imperial governance of the Habsburgs, who were in turn succeeded by Napoleon (who in 1808 ordered the construction of the Milan bourse) and later the Austrians once more.

With the unification of Italy,

Milan came into its own as a commercial centre, attracted immigrants from other Italian regions and soon played host to growing banks and insurance companies, a trend which continued after the Fascist party was founded there in 1919. Devastated by Allied bombing during the second world war, Milan was rebuilt. Aesthetics were thrown out the window, but the city in the 1950s, 1960s and 1970s established its supremacy in Italy as the centre for industry and finance.

Unfortunately, Milan has also shown itself susceptible to financial intrigue. This is the city which unknowingly favoured and even respected Sig Michele Sindona, the convicted former Vatican adviser and banker, and his disciple, the late Sig Roberto Calvi of the Banco Ambrosiano.

The Milanese do not like to speak of Sig Calvi or his bank, which collapsed in 1982 with \$1.3bn in missing funds, but he was tolerated and even celebrated until only a few years ago.

Such susceptibility is not limited to Milan alone—it is rather an Italian characteristic—but it is perhaps not surprising. While Milan is certainly the Italian city most open to new ideas, products and businesses, it is also a chatty place, where the leading entrepreneurs tend to conduct closed-circuit deals and the stock market is prone to insider trading.

"Almost everyone, at some point, is allowed to use a tip for a little money-making share transaction on the Bourse. We call it a 'dritto' or 'right,'" explained an employee of Mediobanca, the influential merchant bank which from its Milan headquarters has been involved in almost every major post-war corporate deal.

The Milan bourse, despite more regulatory control by the Comit authority and despite

more significant new foreign investment, remains small by world standards, with market capitalisation of about \$25bn. The emergence of new unit trusts, which have attracted £5,000bn of funds in the last nine months, may lead to growth beyond the recent boom on the bourse. But even advanced Milan, which has welcomed accounting majors such as Peat Marwick, Price Waterhouse, Arthur Andersen and Deloitte Haskins, still has a way to go if it is to achieve more sophisticated and open financial standards.

As a banking centre Milan is

the home of two of the three

IRI state-controlled institutions

—Credito Italiano and Banca Commerciale Italiana. It is also

headquarters for Sariplo, Italy's largest savings bank and an innovator in cash dispenser technology. Italy's 33 foreign

banking institutions are based

in Milan, with notable successes

having been chalked up by Bar-

clays, Citibank and Morgan

Guaranty among others.

As an industrial centre Milan

and the surrounding region

plays host to many companies

based in, for example, chemi-

cals, manmade fibres, engineer-

ing, tyres and cables, textiles,

furniture, foodstuffs, machine

tools, carmaking, clothing, shoe

and leather goods, energy, pulp

and paper, and construction. In

this state sector the big names

are Alfa Romeo, Saipem, Snam

and Agip.

The fashion world, with

designers such as Armani, Ver-

sace, Krizia, Ferre and Soprani,

has put Milan on a par with

Paris. The Domus architectural

consortium attracts scholars and

practitioners from Japan and

the States. The Memphis Group

furniture design consortium is

just one example of Milanese

design with an international

flavour.

All of this, from banking to

industry, from fashion to

design, means that Milan is one

of Europe's most prosperous

cities. "We like to think of

ourselves as being plugged in,

as being in touch with the latest

in New York or London," says

Gianfranco Ferré, a windowframe maker who is

negotiating to join a construction project in the City of London.

Milan's Fair holds hundreds

of exhibitions each year, rang-

ing from machine tools to con-

sumer goods. The trade fairs

bring an estimated \$600m in

annual receipts to the city's 400

hotels and nearly 1,000 well.

CONTENTS

Stock market	2
Industry	2
Profiles:	2
Carlo Tognoli	2
Piero Bassetti	2
Business guide	3
Restaurants	3
Milan Fair	4
Fashion	4
Art	4



Milan Cathedral and (inset) Sig. Carlo Tognoli, the city's mayor.

restaurants, trattoria and bars. The biggest fair of the year is the Fiera Campionaria, the international exhibition of more than 7,000 stands from sectors as diverse as food and agriculture, chemicals, health care, electronics, and energy. The Fiera Campionaria, which opened for the 65th time this week, last year attracted about 2m visitors.

Despite its commercial success, Milan has still not managed to solve the hotel shortage or provide enough office space for all its residents, who are increasingly pushed out of the centre to make room for financial service companies. Staggering as it may seem, the population of the city centre is only 107,000, and this perhaps explains why some critics accuse Milan of having a village mentality.

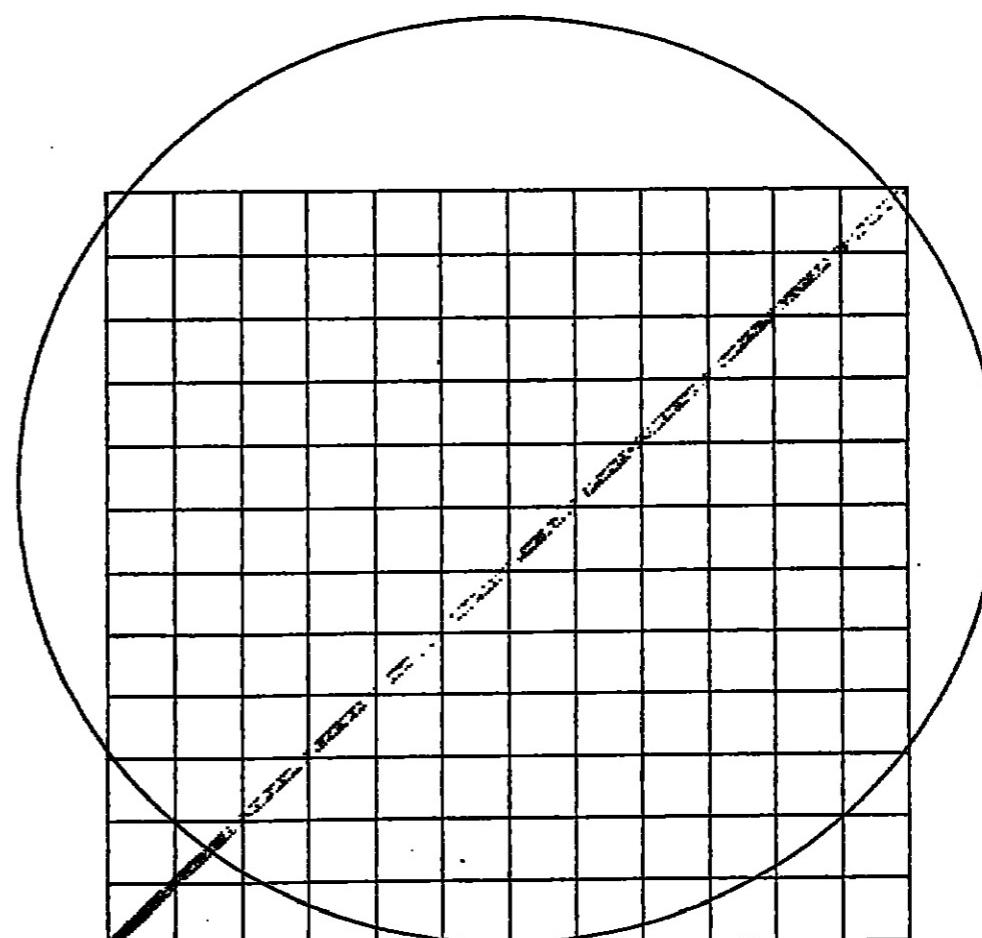
Another problem in Milan, which only seems to be resolved, is the inefficiency of its airports. Linate and Malpensa. Leaving aside the issue of Italian strikes, it is unfortunate that Linate is so frequently shut down by Milan's famous fog. The radar technology for fog take-offs and landings exists, but Milan's mayor, Sig. Carlo Tognoli, accuses the Alitalia state airline of having a bias in favour of Rome's airport and therefore neglecting Milan.

This is the final irony of Milan—despite being Italy's economic capital it still must rely on the Government in Rome for funding of airport projects or even for financial support for its beloved La Scala opera house. But despite such handicaps, the Milanese have managed to create an industrial and financial powerhouse which, thanks to their indomitable spirit, functions very well.

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Italy's savers are proving cautious about entrusting their money

Confidence yet to be vindicated

Stock exchange

JAMES BUXTON

"I'M QUITE sure that this stock exchange will take off some time, but I don't know when." This thought has been expressed many a time, but the Milan stock exchange has yet to become a large, sophisticated market to which the Italian saver is prepared to entrust his money.

The confidence of Dr Urbano Aletti, a former president of the stock exchange and a leading Milan broker, has yet to be vindicated.

Yet certain things have changed. The boom now under way — the market has risen 20 per cent this year alone and as much business has been done in the past three months as is often done in a year — is genuine, unlike its speculative predecessors in 1980-81 or 1974. Italy's industrial companies are doing well after years of poor results and investors want to enjoy the proceeds.

Foreign investors are taking a new interest in the Milan stock exchange. Since late 1983 foreign stockbrokers have been braving the complexities of buying shares in Italy and putting their customers into Olivetti and Fiat, and another 20 or so companies that are judged to have sound prospects and which have a sufficient number of shares in free circulation to make trading reasonably easy.

The impact of foreign investors on the stock exchange, in the view of brokers such as Dr Aletti and Sig Isidoro Arberini, has been greater than that of the much more widely publicised arrival of unit trusts.

Unit trusts have been permitted to operate under Italian law only since 1983, and did not begin to make their mark until the second half of last year. But there are now already 44 unit trusts run by 27 fund management companies — mostly connected to the banks and insurance companies — and they have

attracted funds at the astonishing rate of L100bn a day.

"It's extraordinary," says one financial analyst. "Italians have been thrilled to find a new outlet for their savings, having lost faith in gold and in property, and in property investment funds. The unit trust salesmen have had an incredible response."

Yet about three quarters of the unit trusts funds are going into government bonds, always the biggest attractor of savings in the country because of their high yield and tax-free status.

The unit trust industry, however, saves the trouble of rolling over his bond portfolio.

Ten per cent of the unit trust assets are permitted to go into foreign shares free of exchange restrictions, and only about a tenth goes into the Milan stock exchange.

That may not seem very much, but it is probably enough: the stock exchange whose market capitalisation is only between L50,000bn and L60,000bn (\$23.8 to \$28.5bn), of which only a third is anywhere near liquid, would not be able to absorb much more.

New funds

For the new funds have attracted a total of nearly L4,000bn since last summer and could reach L10,000bn by the end of year. The old funds, set up under Luxembourg law, have assets of about L5,000bn on top of that.

The unit trusts should at least raise people's consciousness of the stock exchange, which can only help its development, but there are major obstacles on the way to creating a modern institution.

The basic problem is that there is no such thing as a public company in Italy. All the companies quoted on the stock exchange are controlled by families, by state-owned holding companies or by banks — or by a combination of all three. An extraordinarily elaborate network of syndicates of control enable a relatively small number of interests to keep their hands on the major

companies in Italian private industry.

Savers have virtually no say in the future of the companies in which they invest. The same might be said about small shareholders in other countries, except that in Italy take-overs and changes of ownership take place without reference to the shareholders.

When Carlo de Benedetti, chairman of Olivetti, bought the controlling interest of the Buitoni family, he sold to the unquoted family holding company.

The holders of shares in companies owned by that holding company were delighted as their shares went up, but at no point were they consulted on the deal.

An investor on the Milan stock exchange is therefore being invited to participate on the sidelines in a game dominated by big players. He may make gains when things go well — though on average he would have lost against inflation in the past 25 years — but he must accept that his participation is completely passive.

With most savers distrustful of shares and most family businesses unwilling to accept the degree of disclosure that a stock exchange requires, it is not surprising that relatively few companies even list their shares quoted. Just under 200 companies are quoted in Milan, but of these no more than about 30 are really tradeable.

In fact the Consob, the regulatory authority, is gradually reducing the number of quoted concerns as it weeds out companies in cases where the vast majority of their shares are in effect locked up in the hand of banks or state holding companies.

Yet, in the past year and a half, a handful of private companies have floated equity on the stock exchange — notably Danielli, the family-controlled

plant engineering company, — and the state holding companies are looking to the market partially to privatise some of their healthier subsidiaries.

The Consob, under Sig Francesco Pisa, is gradually gaining in organisation and effectiveness, and trying to obliterate the memory of a turbulent past by operating discreetly and firmly. But the stock exchange is changing very fast. The proposed new trading floor and computerised system are due in December, and a great deal of work is being done on the banking system about which half of Milan is arguing will be a great improvement, but it will not alter the system of ownership of the companies whose shares it deals in.

The growing pace of automation of banking services to the customers tends to favour standardised concerns rather than the very big or very small.

Unless the top four or five biggest banks can adapt fast they may lose customers to more flexible ones such as Istituto Bancario San Paolo di Turin, or smaller concerns like Credito Romagnolo of Bologna.

The Bank of Italy is loosening its very tight regulations on the setting of bank branches, and parliament recently approved the application in Italy of the EEC directive of 1977 allowing banks from anywhere in the EEC to establish branches in Italy. Given the state of the Italian banking market, foreign banks are unlikely to rush to take advantage of this, but its effects will doubtless be felt in the medium term.

The Bank of Italy, which has been tightening up its regulatory procedures in the wake of the Banco Ambrosiano crash of 1982, has made it known that it would favour a reduction in the number of banks by means of mergers and rationalisation. A few have already taken place.

Banco Provinciale Lombardo in the rich Bergamo area with an eye to strong deposit base.

The results of these and other changes have yet to become apparent and may for long lie hidden in the impenetrable accounts of the big banks. But a transformation is under way.



Final inspection of a printed circuit board in one of Italtech's plants.

Country's powerhouse continues to grow

ANY VISITOR approaching the city of Milan from either Linate airport to the south or Malpensa to the north cannot fail to see the signs of industry which characterise the Lombardy capital. These range from the great neon logos of Pirelli and other companies to the actual factories themselves, belching pollutants from the outskirts of town.

This is the industrial powerhouse of Italy, a city which together with the surrounding region accounts for a third of the nation's Gross Domestic Product and nearly a third of Italian exports (which last year totalled L149,000bn nationally according to the Bank of Italy).

It is true that much of Italian industry is based in Rome, and that Italy's private sector industrial giant, Fiat, is found 90 minutes west of Milan in Turin. And of course there are tens of thousands of small and medium-sized companies in the prosperous Veneto region, in Emilia-Romagna to the south, in Liguria to the south west and in many of Italy's 21 separate regions.

But the old cliché which has Milan as the focal point in Italy's "industrial triangle" of Milan-Turin-Genoa remains largely accurate, despite development elsewhere.

At last October the number of workers employed in industrial production in the Lombardy region totalled 1.65m, of which 719,000 were employed within Milan's city limits.

In the state sector, several leading companies held by the ENI state energy group are based in Milan. Saipem, the profitable pipe laying company which was partly privatised in the Milanese bourgeoisie last year and is planning a New York stock exchange issue soon, is one such company.

Milan is also the home of Italy's two biggest publishers, Mondadori and Rizzoli, as well as the headquarters for numerous newspaper and magazine publishers. It is also a centre of international trade promotion, generally seen as a first stop for foreign executives and trade ministers.

tiles, machine tools, chemicals, printing, foodstuffs and car-making factories are to be found near Milan, supported by thousands of small subcontracting firms which reap the spin-off work.

Milan is the home of the giant Montedison Chemicals, health care and energy group, which last year had sales of L11,940bn (\$5.97bn). Although Montedison has factories all over Italy, many of its activities are based in Milan. One example is its Montefibre synthetic fibres subsidiary, Italy's largest man-made fibres concern.

Likewise, the Saia Fibre man-made fibres company is also

Industry

ALAN FRIEDMAN

based in Milan. So is Pirelli, Italy's leading tyres and cables group, which last year had sales of \$3.2bn. Milan is also the home of Umicini, the Italian machine toolmakers association, and it is a number of the 400 Italian manufacturers who together last year achieved L17,750bn (\$875m) in sales.

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Pressure from Rome

restrictive national laws.

The mayor also sees the need to build a new congress centre and more hotels near the famous Milan Fair. Smog and industrial pollution make breathing the air in Milan like smoking too many cigarettes. Crime is a problem, but Sig Tognoli says that "Milan is safer than most of some other European cities."

There are many misapprehensions about the Socialists and Communists governing Italy's financial and industrial empire; it should be noted that most communists tend to have views on many issues which are more Social Democratic than extremist. And the Socialist Party which Sig Tognoli has reorganised over the years has little to do with real socialism and is far more a pragmatic party of the Centre, interesting primarily in sound economic management and winning votes.

In Milan's 88-member city council the Socialists have 16 seats, the Communists 22 and the Social Democrats 5.

Their leader, the Christian Democrats (21 seats) and the Republicans, who have only three seats but can attract many votes if they put their national leader, Sig Giovanni Spadolini, the Defence Minister, up as a candidate next month.

If the Republicans do especially well next month, then Sig Tognoli may be forced to consider a five-party (non-Communist) coalition. Certainly the moderate wing of the Christian Democrats have made clear to Sig Craxi that they wish regional and local governments to "homogenise" with the national coalition.

What may be striking Sig Tognoli is that it is believed that Sig Craxi is behind a move to manoeuvre Milan into a new coalition with the help, in part, of Sig Paolo Pillitteri, who is the Prime Minister's brother-in-law, a Socialist deputy and a local candidate in Milan.

With important regional elections coming up next month, Milan's mayor is finding himself under pressure from Rome to abandon his Communist coalition partners and form instead a five-party government along the lines of the Craxi coalition. This, from the grimace on his face when asked whether he would

do so, is not entirely agreeable to sig Tognoli.

Immensely popular in Milan — he came top of the preference list with 380,000 votes in last June's European election and thus became Euro-MP as well as mayor — Sig Tognoli is in a position to resist pressure to abandon the Communists.

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Exhibitions a major source of revenue

Milan Fair

BY DAVID LANE

FAIRS AND trade exhibitions are significant sources of revenue for the City of Milan, and in particular for Milan's hotels, restaurants and shops.

Last year nearly 1,000 visitors were drawn by the Fiera Campionaria (International Samples Fair) by the 75 specialised fairs and exhibitions and by more than 300 other conventions, congresses and conferences which are held at Milan's fair and exhibition centre.

Estimates from the Ente Fiera di Milano, the fair authorities, put the value of this business to the city at over £1,200bn (£500m).

Leaving aside the income generated for the city's hotel-owners and shopkeepers, Milan's fairs provide something for nearly everyone. And even when complaining about disturbance which fairs cause to their daily routine, local residents are generally proud of the international prestige which the fairs bring.

Since 1982 when Milanovendemoda Uomo was launched, the fair and exhibition calendar has got underway in January with men's fashions, an event repeated for a further four days in July.

"For stylists and Italian fashion creators it is an extra opportunity to reaffirm the made-in-Italy label as synonymous with prestige, imagination and exclusivity," says Giuseppe Orlando, chairman of Milanovendemoda Uomo.

However, the show, which presents a complete range of men's clothing and accessories,

is not confined to Italian goods, and foreign producers use it to display their collections. "Milanovendemoda Uomo has carved out a position in the international calendar," Sig Orlando says.

Later in January, and a month ahead of the spring collections, Anteprima offers an early look at how new styles are moving. Last year 165 companies showed their fashions in January's Anteprima and the event attracted more than 8,000 buyers, nearly one-fifth coming from abroad.

A further 6,000 buyers visited Milan for the autumn Anteprima last September.

Collections

The key months for fashion are March and October. Buyers, sellers, models, photographers and columnists flock to Milan for the spring and autumn collections, and the hotels fill with beautiful women of all ages.

Four parallel events take place over a period of about one week: Milano-Vendemoda, Sposatutto, Modit and Milano Collezioni.

Milanovendemoda started 16 years ago. "It was the first event to be organised in Milan for women's fashion, and was thus the starting point which has made Milan the most important international centre for fashion," says Giuseppe Orlando.

Milanovendemoda started 16 years ago. "It was the first event to be organised in Milan for women's fashion, and was thus the starting point which has made Milan the most important international centre for fashion," says Giuseppe Orlando.

Modit and Mifed are two of the biggest events held in Milan. The first, an international exhibition of office automation and computing equipment which has now reached its 22nd event last year attracted 120,000 people.

Mifed is a twice-yearly international market of films, television films and documentaries which last year celebrated its 25th anniversary and 50th event.

In Milan last year 267 collections were shown, including 25 French and 18 British, and the event attracted nearly 22,000 visitors. The 300 collections at Milanovendemoda in the autumn drew more than 28,000 visitors.

Similar numbers visited Modit, the women's ready-to-wear show. According to Fabio

Giugni, the show's chairman:

"This is a brilliant and irreplaceable observation point of Italian fashion for the buyers from boutiques and the world's most important large stores."

Milan's fair and exhibition centre is judged by Giugni for the services and environment, particularly spatial flexibility, which it provides for the fashion shows.

While fashion is an important part of the annual round of activity at the Milan Fair, there is much more on show than just clothes. Already this year there have been toys, household goods, sports and camping equipment, photographic equipment, teaching materials, tourism, telecommunications, publishing, paper-making, machinery and more. There is considerably more to come: plastics and rubber, insulation, textiles and carpets, glass, hi-fi, lighting, beauty products, food, drink and do-it-yourself.

From the catwalk and fashion displays at the Fiera to Milan's smart shopping area of Via Montenapoleone is less than a ten-minute taxi ride. And for models with no fear for their figures, the restaurants of the fashionable Brera district and the city centre are near to hand.



over ten days in April. Indeed it was with the Fiera Campionaria, chalking up its 63rd event this year, that Milan started what has since turned out to be a massive business of playing host to fairs and exhibitions.

The buildings, infrastructure and organisation developed for the Fiera Campionaria have provided the framework for the wider and very lucrative area of specialist shows.

Milan's Fiera Campionaria started as and continues to be, a general fair. At the first of the series in 1920 it occupied an improvised site at the city walls near the Porta Venezia and there were 1,233 exhibitors, including 265 from abroad.

Three years later the fair moved to its present site and by its tenth anniversary had attained third ranking in the list of annual world fairs, after Leipzig and Paris.

It is not only the Milanese who suffer: visitors to Milan may also find themselves squeezed by the effects of the city's fairs and trade exhibitions.

Secretaries of businessmen, bankers or engineers whose

work take them regularly to the Lombardy capital will know the massive problems which can occur in finding hotel accommodation: the fruitless round of telephone calls to innumerable Milanese hotels, always ending with the same reply from reception: "Complete—full up."

Notwithstanding a total of more than 400 hotels with more than 18,000 rooms, Milan frequently runs out of space for its visitors. The six de luxe, 38 first-class and 118 second-class hotels are often not enough to meet peak demand and visitors must easily find themselves obliged to stay overnight in Como, Bergamo or even Turin.

To help business visitors schedule their trip to Milan, the Associazione Lombarda Albergatori (Association of Lombardy Hoteliers) prepares an annual Hotel Milan plan with the calendar marked in red for those days during which hotels are fully booked because of fairs and congresses.

There is more, however. Behind the grim facades of great stone palazzi, the intrepid tourist can find some stunning collections of considerable importance. The Brera Museum houses perhaps the finest collection of Trecento Italian masters in the world and also some splendid examples of the Renaissance—Veronese, Tintoretto, Gentile Bellini and others, as well as a large sampling of works of the Lombardy School.

Finding out about theatre and the arts is also not as easy as one might think. Unbelievably, there is no comprehensive list or publication where a culture-hungry public can find details of Milan's vast arts ensemble.

Word of mouth is the surest way, although the casual visitor can always find some information in the Corriere Della Sera, Milan's leading newspaper.

Another starting point for information should be the Milan Tourist Office, next to the cathedral in the Piazza del Duomo, or the Galleria, just off the Piazza della Scala.

For those on a short stay and wishing to take in two of the city's most visually striking sites, a stroll atop the roof of the Duomo (reached via a lift at the rear of the cathedral) can be very rewarding. Equally, a visit to the Castello Sforzesco, the imposing brick castle with a moat, immediately reveals the majesty and power of Lombardy's capital.

Avant garde centre to rival New York

Art

PHOEBE TAIT

AT FIRST glance Milan is unattractive, with the few examples of truly fine historic architecture often hemmed in by severe office blocks.

Yet it is in this work-oriented setting that one can find some of the most individual and exploratory work produced by Europe's contemporary artists.

Milan has 200 private galleries so that there is an opening for the show of one artist or another on almost any night of the week.

The Studio Marconi perhaps one of the most commercially successful, is helping to create in Milan a climate as culturally receptive to new ideas in art as only New York has been in recent years.

At the moment the Marconi is showing paintings and sculpture by the 81-year-old American abstract expressionist Willem De Kooning, his first one-man

show in Milan. But when the conductor lifts his baton and the curtain rises, La Scala is as compelling and beautiful as ever.

Theatre is another area in which Milan offers originality and innovation. The Theatre of the Eye, by Dario Fo—who achieved fame in the UK for his Accidental Death of an Anarchist—is a spectacle which has long been in preparation.

Its opening was recently delayed by three days, but this is not exceptional given the cranky bureaucratic machinery which accompanies Italian theatres. It is quite common for performances to be rescheduled, and that includes productions at La Scala.

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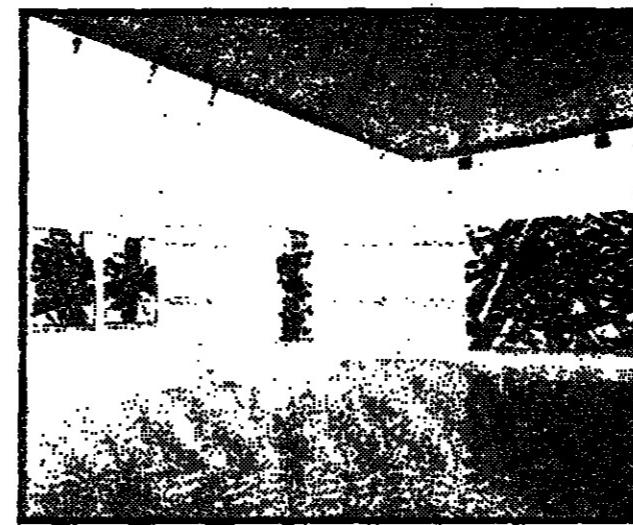
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Fantasies

Less well known than the Brera, but equally rewarding are, for example, the Poldi Pezzoli Museum on the Via Manzoni or the Pinacoteca Ambrosiana, also in the centre.

The Poldi Pezzoli, besides being worth a visit to see the architectural fantasies of its one-time owner, has in its permanent collection of Renaissance and 18th century paintings by Leonardo and others such as Mantegna and Cranach.

The Pinacoteca Ambrosiana boasts one of the most delightful of Caravaggio's still lifes and, to mention just one treasure from so many, the Raphael cartoon for the School of



Show at the Studio Marconi, one of the commercially most successful of the city's modern galleries.

Multi-million business on the catwalk

Fashion

FRANCINE DE TOMMASO

IT IS POSSIBLE to take Italian fashion too lightly. Lurking beneath the national obsession with colour coordination and a bella figura is an enormous national industry.

Clothing is in fact the second largest industry in Italy after tourism, with an annual turnover of more than £1,100bn (£55bn).

With exports last year exceeding £4,200, the Italian clothing industry is the country's largest positive contributor to its trade balance, £3,900bn last year. And with exports growing by 22 per cent last year alone, it is possible that the industry is only just hitting its stride.

Italy's textile and clothing industry is a maze of industrial configurations, from cottage weavers to giant state-owned holdings such as Lanificio, from medium-priced industrial entrepreneurs such as Benetton to the pace-setting haute couture masterpieces of Valentino.

One thing which almost all of them have in common, however, is a tremendous elasticity which enables them to respond quickly to the changing demands of a volatile, often youth-dominated marketplace.

They also have a foreign-oriented sales strategy which has enabled the fashion industry to grow in spite of occasional stalls in the country's own level of consumption.

Significantly, in spite of growing and fiercely competitive fashion industries in Japan, the Far East and elsewhere in Europe, Italy's clothing exports—which constituted 40 per cent of its sales last year — are soaring.

The U.S. alone bought \$1 per cent more clothing from Italy in 1984 than it did in 1983, bringing its purchases to £370bn and making it Italy's second-largest export market.



Above: wool jersey dinner dress by Franco Moschino and (right) jacket and skirt by Septani, both at the March shows in Milan for autumn and winter wear.

West Germany, which is late in the game, Long after Italy's largest export market for clothing, boosted purchases 25 per cent in the same 12-month period, to £1,067. France increased purchases by 18 per cent to £536bn and the UK charged ahead in Italian clothing, with buying some 47 per cent more to reach a level of £306bn last year.

What is most impressive about all of this is that Italy has actually appeared on the international clothing scene rather

late in the game. Long after Chanel and Dior were changing the way women in Paris and the world over dressed, Italian fashion was still at a fledgling stage. It wasn't, in fact, until 1973, when a few creative forces—Missoni and Krizia among them—left the budding fashion collective in Florence to take up residence in Milan, that the rest of the world began to pay attention.

The Italian names that are currently recognised around the

world are often enterprises less than 15 years old, indeed, for example, which had an estimated turnover last year of £400m, showed his first menswear collection (he began designing women's wear a year afterwards) in 1973, when he was just slightly more than 40 years old. In the 1960s, Giorgio Armani, a clarinet player at La Rinascente, one of Italy's largest department stores,

in the slightly more than 10 years that the Italian designers

first began presenting their lines in Milan, the city's fashion industry has grown into one of the world's leaders—on par with the level of creativity and business done in New York and Paris.

Today, the twice-yearly Milano Collezione, held at the Milan Fair grounds, brings together the world's most important fashion buyers to review Italy's latest wares. The week-long Milan shows include not only the 30 or so runway events staged by such top designers as Gianni Versace and Gianfranco Ferré, but also, doubtless, an exhibition which incorporates another 200 or so top firms and Milanovendemoda, a second grouping of lesser-priced firms.

No one can estimate how much business is done at the week-long presentation of women's clothing in Milan, but with firms such as Gianni Versace expecting sales during the week to exceed £25m—first cost—it is easy to see that business runs into hundreds of millions of dollars.

Through people speaking of women's wear, the fact is that the men's wear industry—which also has its twice yearly week of presentations—also seems possibly the larger industry.

It certainly is in exports—sales of menswear last year outside of Italy exceeded £1,748bn, against women's wear exports of £1,600bn.

While designers names such as Armani, Versace and Soprani are the stars that glitter in Milan's fashion world, the Italian fashion industry is much more a hodge-podge of big names. Firms such as Benetton—a barely 20-year-old outfit with already more than 3,000 stores worldwide and an annual turnover that exceeded £500m in 1984—sell in the medium-price range.

Other firms make their business products and licensing designs. Gruppo Finanziario Tessile of Turin, for example, which licenses various lines for designers such as Armani, Valentino, Ungaro and others, reported £420m in turnover last year.

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Total deposits	2,272	+20%
Provisions	97	+17%
Capital and reserves	130	+13%
Net profit	17	+54%

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Around Britain

COVENTRY 1

Industrial decline has been painful for Coventry. But after a slow start, the once buoyant Midlands city has become a fierce fighter for new employment

Complacency gives way to new realism

Survey written by Arthur Smith
Photographs by Hugh Routledge

COVENTRY, the symbol of post-war optimism, the city of Lady Godiva and the new cathedral, has taken a long time to reconcile and come to terms with the terms of recession.

Badly bombed in the blitz, the city rose from the ruins as a new industrial town of aerospace and automobiles, much as 100 years earlier it recovered from the ravaging of its traditional ribbon-making industry.

Realisation of the scale of de-industrialisation in recent years has been slow to dawn. The manufacturing base was almost halved in the eight years to 1982, and in the latter four years BL and Talbot alone shed more than 18,000 jobs. The big names like Alfred Herbert and Triumph motorcycles have been toppled.

Crucified and made complacent by the car industry boom of the 1950s and 1960s, the city entered the 1970s in buoyant form. Since then its much-envied workers have slipped from the top of the pay league to the bottom over the past decade.

The city politicians, with an assurance perhaps bred of former prosperity and diverted by the ideological excesses of militant infiltration and similar manoeuvrings, realised only belatedly that the local authority must give a lead.

In the words of one official: "Our council members have maintained a faith that the job will come back; that the last few years have represented merely a temporary setback for the city. That attitude has now changed."

Instead, Coventry has found itself forced to join with other parts of the West Midlands in

seeking designation as an assisted area.

Having persuaded the Government to accept its case the city now realises that it must be able to pitch alongside the most progressive of the development areas: a recent study by the special programme unit of the Confederation of British Industry reported that the Coventry unemployment rate of 16.3 per cent was nearer to 22 per cent after taking into account categories not included in the official statistics.

There were particular problems among the younger age groups and the long-term jobless. Nor was there any prospect of improvement over the next five years.



Coventry is now conscious of the acres of dereliction, its silent factories, the inner city areas with one in three people jobless, the concentration of immigrants. But in Mr Bob Tarr, the chief executive and town clerk, appointed little more than two years ago, it has one of the new-style city professionals intent upon pioneering new technology and management change.

Consultants have been

appointed to advise on how the city council can take advantage of new technology. Visual display units are becoming commonplace in the wooden panelled corridors of the city hall.

"We as a local authority can give a lead in showing how the city can benefit from the new technologies."

Tarr, from Worthing and much-travelled in his local government career, nevertheless speaks with passion about Coventry: "The city has suffered for too long from its misleading image as a metal-basher with militant workers."

He points to recent successes in attracting high technology companies such as Computer Vision, one of the world's largest suppliers of automated design equipment. Automatic, a U.S. company giving a lead in robot systems, and Sinclair Vehicles, part of the controversial CS electric "car."

Coventry, with its manufacturing history, has the skills here in the city to adapt the new technologies. It is not just the manufacture of the new products which creates jobs and wealth but also finding the new applications, the new services and the spin-off activities," Mr Tarr argues.

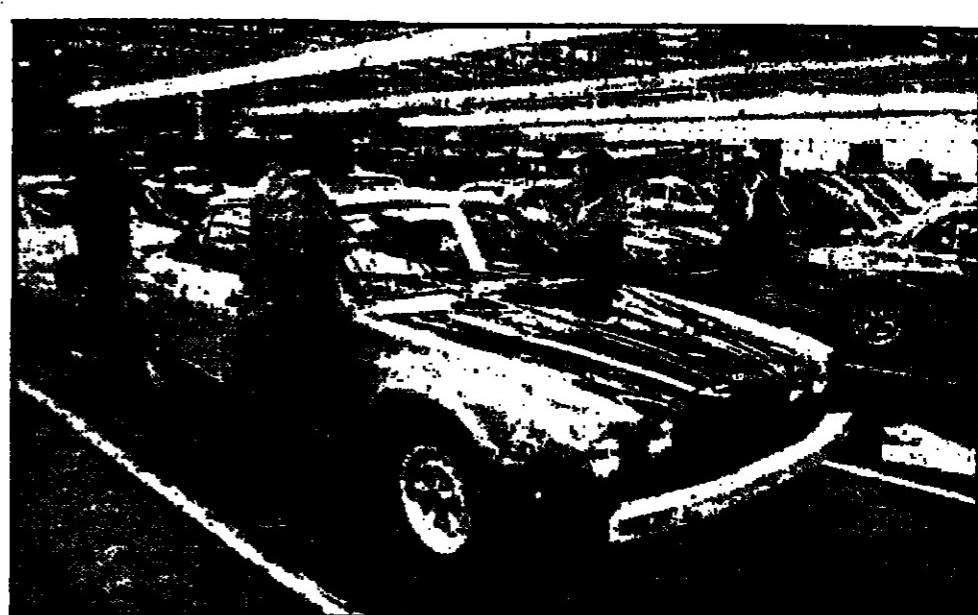
He draws attention to the long-established companies pioneering new products such as GEC Telecommunications, Dunlop Aviation and Courtaulds. But the current success story and the principal cause of the upturn in city confidence is the university of Warwick Science Park, a joint venture between the university and the councils of Coventry, Warwickshire and the West Midlands County.

Development of the 24-acre site has been rapid and the Government has identified the location as well-placed to become the national focus for the UK's drive to develop advanced manufacturing techniques.

Mr Harry Noble, city architect and planning officer, is a blunt Yorkshireman who declares himself "not a planner's planner but a man more interested in getting programmes



Symbols of Coventry, ancient and modern: the Lady Godiva statue and the record-breaking Jaguar car production line



Industry given a hearing

Politics

MR PETER LISTER, the old-style Labour leader of Coventry City Council, is relaxed and smiling even though he has tasted how nasty politics has become, particularly in his own party.

The ward party he has represented for 27 years ditched him as candidate for last year's election. He stood in the neighbouring Conservative ward and won.

He is philosophic about balancing the forces within his controlling group in which five of his 22 councillors have had the whip withdrawn.

The Conservatives, now with 22 members, are in power in most years breaking the Labour dominance which stretched for nearly 30 years up to 1987.

"In dealing with the electorate Mr Thatcher is the most active councillor I have seen. She comes with a re-action to her inhuman policies."

But he is conscious that the financial straitjacket in which he operates makes him easy prey for left-wing critics who accuse him of being the

agent for Tory policies.

Mr Lister complains that Coventry is being squeezed between cuts in Government grants, the rising demand for services and the decline of the city's industrial base.

Such are the financial problems facing the city council that it has abandoned its normal programme of publishing spending programmes four years in advance. The 1985-86 budget represents a holding operation while a review of activities and a review of activities is conducted.

The decision, given the pressures within the controlling Labour group, is a brave one that reflects an awareness that the Coventry is no longer a city of such prosperity that it can ignore the pressure felt elsewhere.

Coventry virtually escaped the hardship of the 1930s, so the rigours of recent years have come as something of a shock," Mr Lister says. The city council will be looking to co-ordinate its economic initiative to give a central trust to marketing and selling the city.

The abolition of the West Midlands County Council, of

which Coventry forms one of the seven districts, is scheduled for next year. For Coventry one of the key decisions is likely to be the extent to which the city will take on the interventionist role adopted in economic policy. The city seems likely to join other Labour districts in seeking to maintain the West Midlands Enterprise Board as an independent body.

The important factor for industrialists is that the city council is now listening to their viewpoint.

"Everyone realises the importance of attracting new companies," says Mr Lister. He welcomes the fact the city has been granted a status area status and sees it more as removing disadvantages rather than giving benefits. "At last we have an end to a system that forced Coventry carmakers out of the city.

He claims to detect a revival in the city. "You have to live here to appreciate the spirit, but among the companies employing perhaps only up to 20 people things are beginning to happen again."

"NO MATTER HOW ADVANCED, IT WILL ALWAYS TAKE HEAD, HAND, EYE AND HEART TO MAKE A JAGUAR A JAGUAR"

That unique something that makes a Jaguar comes from a particular blend of advanced engineering and traditional craftsmanship. It always has and, I believe, it always will.

It is the promise of the new, hand in hand with the best that experience has to offer.

And the future does promise to be very exciting. More and more we see ourselves using lasers and computer integrated manufacturing techniques with flexible manufacturing cells which are CAD-CAM linked.

In fact, we will move unerringly towards new technology whenever we can to reinforce consistency and reliability and improve cost efficiency. At all times striving to enhance quality.

We will, of course, continue to look to craftsmanship to provide the traditional features one expects to find in a Jaguar.

It's a question of the right balance, and we have to use our heads. As with any problem-solving in car

manufacturing, it's a matter of intelligent application. Take for instance the classic Jaguar ambience of walnut and leather, how is this achieved?

We could certainly cut leather

hides with a water jet or by robot, but I doubt that we ever will. We prefer to use a sharp eye, a skilled hand and a keen blade.

Similarly, I wouldn't use robot vision systems to select leather or match walnut veneer. Again, the human touch is important.

But I will use robots, and I am in fact using them today for example, to blend the ports in the engine cylinder head to improve fuel-air mixture flow efficiency.

Technology, no matter how advanced, must simply ensure that drivers everywhere continue to equate Jaguar with outstanding performance.

Our intent is that a Jaguar always fulfils

expectations, either in the uniqueness of its engineering or in the more subjective areas, like styling or visual appeal. It is, after all, these which differentiate a Jaguar from any other car.

For us, the look is as important as the function. It is part of the Jaguar difference. It is embodied in the style of the car. It is embodied in the way we build it. Parts can be made correctly to drawing and can meet engineering intent exactly, but you can look at them and say, that's not good enough for Jaguar.

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And that holds true whether you're building the engine, the suspension, the car body shell, the trim or the upholstery.

Our policy of guarding against the erosion of Jaguar standards is, to me, something quite unique.

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And it seems to apply right across the board.

From every one of the people who build cars, to every one of our suppliers. From supervision team to top management.

It is a drive for manufacturing excellence that will admit no compromise.

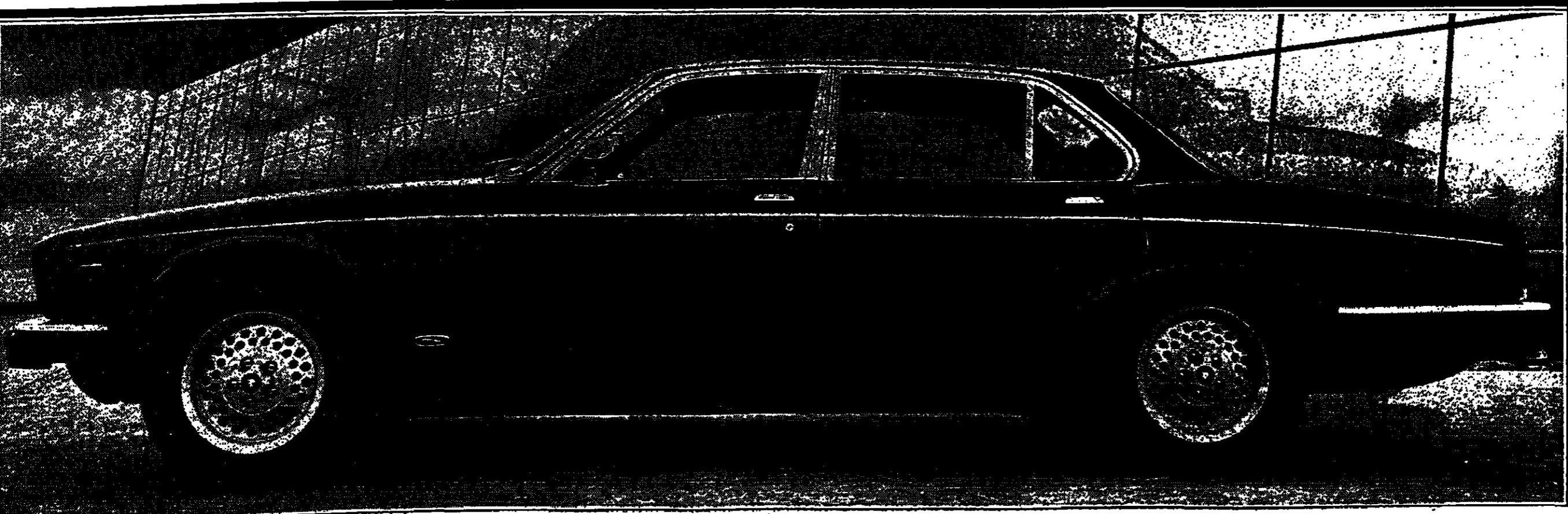
And it is an attitude of mind that, I believe, is very much at the heart of Jaguar's continuing success.

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COVENTRY 2

Shortage of white-collar jobs

Service sector

THE STRONG dominance of manufacturing over service industry employment has swung sharply in recent years. Both sectors are now roughly equal in size. The reason is not the increase in office jobs—up by only 2 per cent in seven years—but the drop in manufacturing, down 25 per cent.

The problem caused by the lack of white collar jobs has been highlighted in two special reports by the Confederation of British Industry. The contrast is drawn with areas traditionally regarded as highly industrialised, such as Tyneside, where services now account for 70 per cent of employment.

The CBI notes that Coventry has benefited from the growth of business services and entertainment and the National Agricultural Centre, nearby at Stoneleigh, and the National Exhibition Centre at Bickenhill. The Confederation stresses that "every effort" must be made to attract government departments; banking, investment groups, insurance and building societies to the city.

Mr Bob Tarr, chief executive of the city council, with his Greater London background, is not alone among professionals in his bewilderment at Coventry's failure to attract office employment.

Mr Mike Collett, manager of Equity and Law Life Assurance Society, which decentralised part of its London head office operation to Coventry a decade ago, enthuses: "We have had a field day." The society, with 210 staff in Coventry, has bought the building next door to erect a 30,000 sq ft development which could employ up to another 150.

Further proof of the business to be done in the city is provided by the Coventry Building Society. One in three of its 60 branches are in Coventry but investment deposits in spite of recession climbed by £100m to nearly £400m last year.

Ironically, Coventry probably suffers as an office centre from the very quality of its communications astride the motorway network and with a half-hourly rail link to London just over an hour's journey away.

Like Birmingham, it is almost too close to the capital to be considered for major office relocation. Unlike Birmingham, it is not the regional centre and lacks the central government offices, and highly developed financial and banking community.

Mr Collett, while somewhat jealous of the advantages his company has enjoyed by lack of competition in the city, is keen to promote Coventry's development as chairman of the professional committee of the Chamber of Commerce. "There is no doubt that Coventry's strengths

and traditions are manufacturing. Its culture is based on industry and I hope will continue to be so. But there is a need for greater balance."

Equity and Law chose to move to the city in the early 1970s partly because of conveniently located land, the ready availability of low cost premises. But a key factor in the original move and the present decision to expand was "the high quality of recruits coming through from Coventry schools."

Mr Collett says: "That element has remained constant in the face of all the problems the city has faced over the past decade."

The society has sought "O" level leavers and above, with a bias towards female labour for clerical work. "We like to train our own staff and have met with a good response that they have given in qualifications and expertise. We have been able to give them greater responsibility and bring more work into Coventry."

Coventry for many years has been able to offer low rent accommodation which in itself presents a problem in responding to changing requirements. With rents for modern multi-occupation blocks lagging at around £3 to £3.25 a sq ft there is no prospect of new development except to exploit special situations.

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Bob Tarr, council chief executive (left) is pioneering management changes. Harry Noble, city architect and planner, heads the drive for new jobs

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New vision needed to raise caring

Social pressures

presses concern that "Coventry faces, just below the surface, acute tension with a racial basis."

COVENTRY has deep social problems, to which politicians, churches and voluntary agencies are unable to provide an adequate response.

"Coventry needs a new vision, an extra dimension, to create a caring community able to ease the suffering of its sub-scaried people and absorb thousands of unemployed," says Canon Peter Berry, vice-provost of Coventry Cathedral.

"We are not a united city. The people in the prosperous southern districts have no concept of the problems in the north, where about 50 per cent of the community is coloured. We are not a multi-racial city but a city with multi-racial areas."

He talks of "the huge question of the need for a redistribution of wealth" and queries whether the unemployed, underprivileged will "just accept a situation where they are expected to live on a family income of perhaps £40 a week when the average wage for a manual worker is £175."

He speaks with the radical voice not of youth but of experience. At 49, he has been involved with the cathedral since he was ordained there in 1962 — the year it was consecrated by the Queen.

"That was the high point of Coventry's prosperity. Unemployment was less than 1 per cent. We were a boom cathedral for a boom city."

Seated in "Frater's," the refectory restaurant, he speaks above the throng of tourists, the American accents, the talk of a wonderful place. They have come to admire the modern architecture, the Sutherland tapestry, the Epstein sculpture, merely another stop along the road from Warwick Castle to Shakespeare's birthplace at Stratford. He knows the Coventry they will never see.

"Coventry, because of its heavy concentration of manufacturing industry, faces a more serious crisis but one common to much of the rest of Britain.

"False hopes are being raised whether by national government or local authorities; about the likely benefits from new initiatives and enterprise."

"Here in Coventry the city council is giving a lead and offering a vision of new high technology industry based on the science park and other initiatives."

But Mr Berry argues that the reality is harsh. "Coventry faces a problem of structural unemployment, the new sophisticated industries will not be labour intensive and the city must come to terms with thousands of long-term jobless."

His ministry takes him into the homes of ordinary Coventry people. "There is a hidden world of the unemployed. The Protestant work ethic runs deep and these people are ashamed and unable to accept there is no place for them in a city which once offered such prosperity. Their contact with the outside world is often confined to receiving their giro-cheque from the social security."

Mr Berry points in particular to the "frustrations" of young well-trained school-leavers and those over the age of 50 who seem to face the prospect of never having a job.

A leading figure in community relations — he was seconded to advise the Home Office in the 1970s — he ex-

"Why cannot the jobless remain on the books of the company, receive their unemployment pay through the agency of the company and continue to enjoy the social facilities with their former workmates?"

He urges the case for a radical rethink about the nature of work and unemployment. "In the world of new technology it may prove impossible to find employment for everyone. But work is essential to human development. It reflects the individual's contribution to society, his role in the community."

Mr Berry floats an idea which has just begun suggesting to employers and trade unions.

"Why when a person is made redundant do they have to become part of a separate society and lose contact with their community? Why can they remain on the books of the company, receive their unemployment pay through the agency of the company and continue to enjoy the social facilities with their former workmates?"

He suggests that experts might be provided to large employers, such as Jaguar, Talbot or GEC, to organise community work projects for redundant workers.

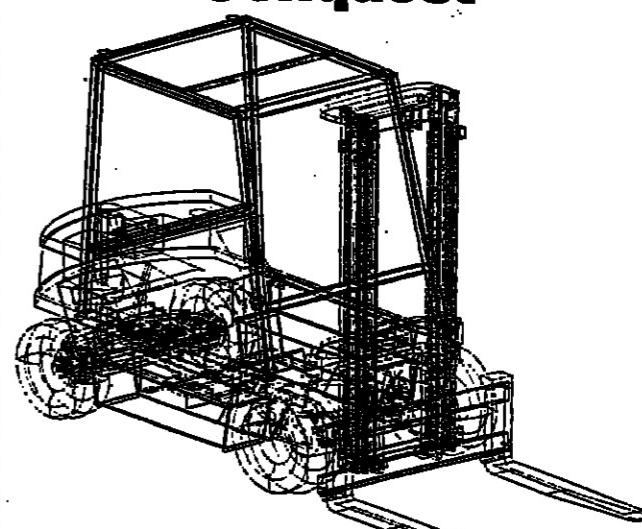
"The problems are obvious. But such an initiative would enable people to keep their self respect within the company and make a contribution to the local community."

Mr Berry believes his ideas could strike a chord with some trade unions. "Rather than a preoccupation with the pay and conditions of present members, they might allocate a full-time official to look after the interests of former members who could again potentially swell the ranks."

He also sees a role for the working men's clubs in the city.

Their membership and takings are down because of unemployment but they provide a ready-made structure for dealing with the social needs of the jobless."

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COVENTRY 3

Pioneer seeks to shake up managers

Technology

PROFESSOR Kumar Bhattacharyya might be a professor of Engineering in one of the UK's biggest faculties at Warwick University, but he is a craftsman of engineers. "Many of them have performed in industry like a load of ninnies," he says.

The pioneering two and a half year course which combines specialist study at the university with solving shopfloor problems is intended to attract high calibre engineering graduates who previously have been loathe to leave university for industry.

"But it's no use training and enthusing about these talented graduates unless they can return to a company where their management superiors are sympathetic to innovation," Professor Bhattacharyya argues.

According to him, "awareness exercises" for middle management at Arden House, a purpose-built residential centre for executives, are brought in groups of around 20 and for a concentrated week which might involve 90 hours of work. "We hit them hard."

Objectives

Managers are briefed on the new technologies available and Arden House with 225m of computer aided design and manufacturing equipment offers the advantage of one of the biggest training facilities in Europe.

Professor Bhattacharyya moulds the exercise both for middle management and for top directors by focusing attention on their own companies. "It is amazing how many senior executives cannot present a profile of the company for which they work, identify the corporate strategy or philosophy."

We pose the question: What are the company's objectives? What are its strengths—product, manufacturing, innovation, marketing? How is management structured? Who are the decision makers?" Professor Bhattacharyya argues that the drive for tech-



Prof Kumar Bhattacharyya: his drive was a key factor in the Government's choice of Warwick as the focus for advanced manufacturing technology. The 44-year-old professor was a trainee with Lucas and set up a manufacturing systems unit at Birmingham before moving to Warwick in 1980

nology has to come from the boardroom right down through the company structure and cannot be tackled on a piecemeal basis. But the "integrated technology strategy" which he preaches is essential runs "contrary to UK management culture."

"In Japan you have the real company men. They are imbued with the same culture, the same values and objectives, the ability to communicate and cooperate. West Germany and the US have managed to create technocrats. In the UK management is heavily disintegrated and organisations become preoccupied with internal politics."

He complains that British companies are plagued with high overheads because of the obsession with man-management. "You are judged by the number of people who work for you. Whether your department is big or small, it makes no difference. The critics for judging performance varies between departments. No one is speaking the same language."

To that end he argues that the use of computers and graphics to provide a common data base could offer the way for British companies to

achieve the cohesion and unity that the Japanese are offered by their culture.

Professor Bhattacharyya maintains that the management practices of a lifetime have to change to allow the input of the engineer and the technician to be integrated into the decision-making process.

New technology has always been a paradox, he says. "If people without a technological background put indoctrinated ideas into their heads, they believe they know best how business should operate are given their head great schemes are hatched and the money is squandered overnight."

He says that the enabling technologies may be available but it is not a question of merely taking them off the shelf. "Too often one department will experiment with computer-aided design and regard it as failure. That might be true of the one operation but what of the rest of the organisation? The Government should do something. But what? Cheap interest rates? More technology grants?"

It is for that reason that Professor Bhattacharyya is aiming at carrying his message to the boardroom and urging an integrated approach: "Obviously all companies are different and the problem is as complex as

fitting together the pieces in a jigsaw deciding which technologies are relevant."

He sees his operation at Warwick as the catalyst in transferring technology. His experience in solving the problems of one company can be carried over to another without divulging commercial secrets. The fact he can use Austin Rover, Lucas and Rolls-Royce as his laboratory companies and he has as his vice-chancellor the likes of Computervision and Automatics means that he has taken the university deep into the heart of the industry.

But at the end of the day he believes that the crash programmes in self-awareness and analysis that he runs for companies at Arden House are crucial. "The majority of British engineering companies are still ailing. Everyone demands that the Government should do something. But what? Cheap interest rates? More technology grants?"

Before any new money is poured in, companies should be forced to identify their own profile. Why do they need new technology and can they cope with it?"

Warwick's late success

Science Park

IN A PERIOD when nationally the first enthusiasm for science parks has begun to wane, Warwick is an exception. In little more than 12 months the 24-acre site in a Coventry suburb close to the motorway network has attracted private sector investment, spawned new companies and already faces the welcome problem of shortage of space.

The park is a happy partnership between the university and the councils of Coventry, Warwickshire, and the West Midlands. "Happy" comments one cynic, "because each believes its contribution was crucial. Everyone is basking in the success."

Mr David Rowe, the science park director, is quick to point to the economic opportunities provided by the unique location and to the contribution made by Professor Kumar Bhattacharyya, head of manufacturing systems. He has worked closely with the big names such as Lucas, Austin Rover and Computervision, attracting private sector finance.

Warwick is now regarded in terms of its successful science park with Cambridge, was very much a latecomer to the market.

Bardsey Bank put £1.25m into

development work on its controversial C5 electric "car" at Warwick.

Indeed, the bulk of the 23 companies now on site have common research or business interests in common with Professor Bhattacharyya's engineering activities whether in computer-aided design, robotics or new manufacturing techniques.

Other companies, such as International Embryos, have been drawn because of the university's strengths in biotechnology.

The Science Park is seen as crucial in providing the seed-corn for the new industries for Coventry. While initial employment creation is limited—albeit advanced technology units range from 5,000 to 15,000 sq ft—Coven Council under a £1.2m scheme is now offering 32,000 sq ft in units starting from 2,500 sq ft.

Attracted

The key to long-term success is the interest now being shown by the private sector. Investment bankers, MMG are seeking £1m of institutional funds for financing pre-let deals on 10 acres of land likely to be developed over the next three to five years. The speed of take-up has accommodated the need that the science park is now negotiating to acquire more land for expansion.

Mr Rowe says that the knowledge-based companies provided to the park represent good mix ranging from new starter enterprises through to established firms from large businesses such as Automatics, a fast-growing offshoot of the U.S. company that is pioneering intelligent robot systems. Sinclair Vehicles carried out the de-

Magnet for private funds

University

WARRICK HAS become one of the fast-growing new universities attracting funds from the private sector under its vice-chancellor Mr Jack Butterworth, who was made a life peer in the last honours list.

Mr Mike Shattock, the registrar, points out that more than 20,000 applications are received for the 1,500 undergraduate places at the university. "Over the past decade we have become a major presence in Coventry and we have a close partnership with the city not just in its economic regeneration, but in the training of its teachers, the provision of the facilities for residents and, perhaps most importantly of all, in the spread of liberal values."

He is at pains to avoid the image of ivory tower activities. He draws attention to the rapidly-expanding business school for which the university itself is financing a new wing and a £1.5m post-experience course centre, and the fact that Touche Ross has funded a small business centre and Lycamobile a manufacturing renewal centre.

Mr Shattock argues that the major reason companies have put money into the university is its science and technology base. He cites the manufacturing systems group in the engineering department which has just formed a £5m partnership with Austin Rover, BL's car company, to provide an advanced technology centre.

Biotechnology is another growth point. "So successful has our research in this field been that we are building a bio-technology institute almost entirely out of private funding to undertake commercially sponsored research."

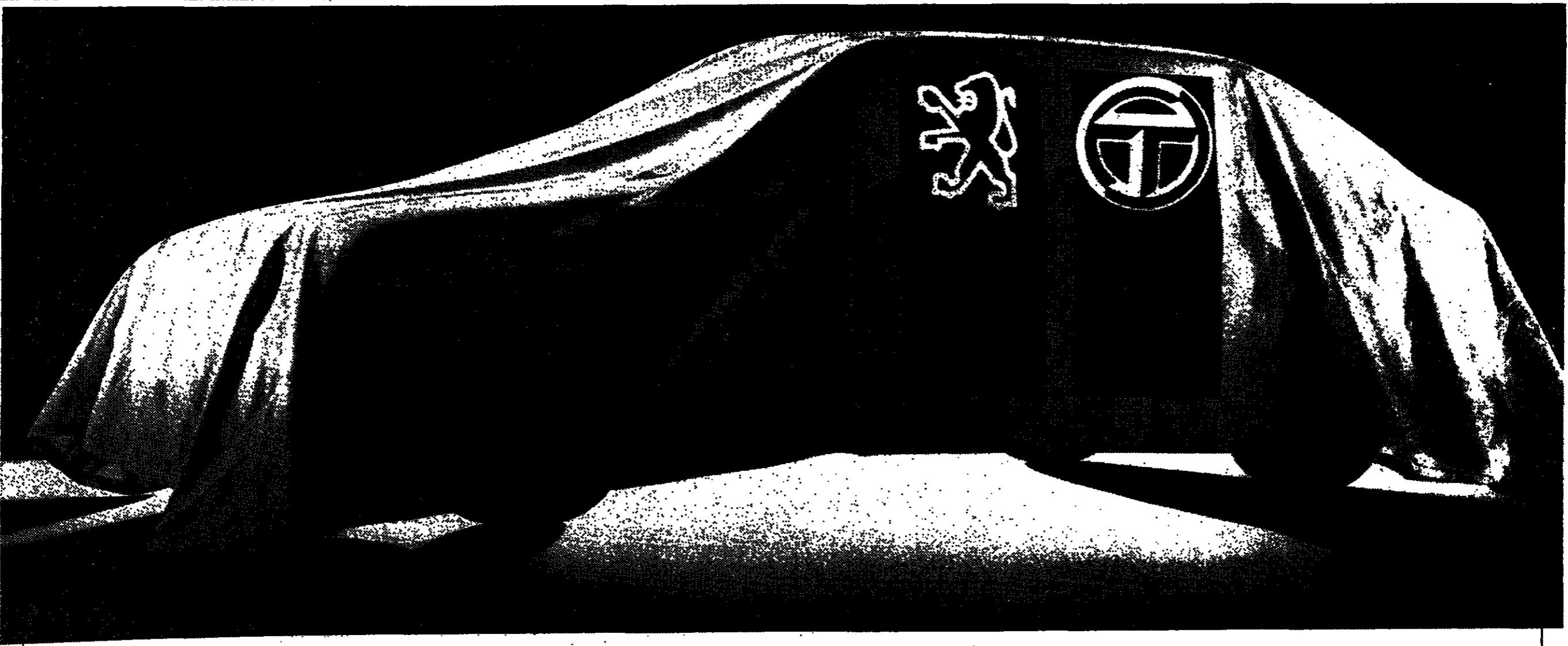
He claims Warwick has the fastest-growing science park in Britain, with 23 companies and 175,000 sq ft of accommodation built or planned just over 12

months after the opening of the first building.

Even as a conference centre the campus attracted more than 200 events involving 50,000 people last year. The university now spends £7.3m which Mr Shattock says will boost both turnover and profit by 50 per cent.

He boasts the university has the largest arts centre complex in Britain outside the Barbican built entirely from private funds. More than 200,000 people attended events last year. An art gallery and cinemas will soon complement the centre's two theatres and concert hall.

Back to the practical level, Mr Shattock focuses upon the Coventry Convention Centre which the university has joined with the Coventry Polytechnic and the three colleges of further education to offer a joint programme of self-financing courses for local industry. More than 100 courses are planned for this year in what Mr Shattock maintains is an important programme for attracting new companies to the city.



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For details contact:
David Rowe, Director, University of Warwick Science Park Ltd., Barlays Venture Centre, University of Warwick Science Park, Coventry CV4 7HZ, Telephone (0208) 458555, Telex 51405.

The University of Warwick Science Park is jointly sponsored by the University of Warwick, Coventry City Council, West Midlands County Council and Warwickshire County Council.



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Industry

COVENTRY'S jobs crisis can be explained quite simply: it has depended upon too many too big companies for too long. A problem of structural unemployment was endemic in a situation where, just 10 years ago, the top 15 manufacturers accounted for every other job in the city.

The big 15 have more than halved their workforce—a drop of nearly 50,000—and now account for only one job in three. Reading the casualty list have been such household names as BL, Talbot, Rolls-Royce Motors and Massey-Ferguson.

Despite the dramatic drop, the big boys still dominate the manufacturing scene. Coventry, with a plethora of small companies which have been the main source of growth in recent years, lacks the medium-sized operations necessary to create a more balanced economy.

Most of the nearly 7,000 jobs shed in the period 1974 to 1982 have gone for good, according to a study by Michael Healey and David Clark, of Coventry Polytechnic.

They point out that the large branch plants of the top 15 companies, most of which are externally owned and controlled and are predominantly engaged in engineering and vehicle manufacture, did little to introduce new sources of employment, growth or increase diversification.

Encouraging

By contrast, the small independent Coventry-owned enterprises, though also shedding labour, generated many new jobs, particularly in products outside the traditional engineering sectors.

The moral has not been lost on Coventry that it must pitch along with the rest for the new industries. Nor is there any shortage of diagnosis. A recent study by the special programme unit of the Confederation of British Industry comments: "Coventry grew by developing new industry, in new products and technology, based broadly on existing skills. The old industries did not neces-

sarily die completely."

The study also suggests: "A Coventry revival may well depend on history repeating itself."

For the present, industrialists are less ambitious. Mr Brian Willis, director of the Coventry Chamber of Commerce, takes comfort from the modest improvement in business confidence. Local industry surveys are less bullish than the national picture would suggest. But Mr Willis insists that "the underlying signs are encouraging."

The fact that the city has been granted assisted area status is seen as enabling Coventry to compete equally with other parts of the country and go for the new growth industries it was denied during the boom of 1980.

Morris has been boosted by the early success of the Warwick science park in attracting high technology companies. But greatest pride is taken in the dramatic turnaround in the fortunes of Jaguar cars—the fact the quality and luxury of the product for which Coventry is best known is again being acknowledged around the world.

The company, now privatised with worker shareholders and rising profits, hit new sales and production records in the first quarter of this year. Following UK sales in 1984, Jaguar has already booked 100 applications by 13 per cent this year. Sales to the important U.S. market are up 10 per cent and on the Continent of Europe by 19 per cent.

Industrial relations and productivity have improved under the management style of Mr John Egan, the chairman and chief executive. Output in the first quarter reached a new high of more than 10,000 cars and Mr Egan claims the company is well on the way to achieving its target of boosting sales worldwide by 10 per cent this year to 36,000.

BL's role as a Coventry employer has declined rapidly, partly as a result of the selling off of companies such as Jaguar, Alvis and Coventry Climax. But Austin Rover, even though it halted volume car assembly in the city with the closure of its Triumph works, maintains its headquarters at Canley in Coventry. Indeed, the Canley design and research centre is only a short distance from Warwick Science Park where Austin Rover is building in partnership with the university a £5m advance technology centre.

The changing face of industry

• Coventry's top 15 manufacturing companies in 1975—and the decline in the number of people employed by them in 1984.

Company	Number employed 1975	Number employed 1984	% of 1975 employment
1 BL	27,258	12,924	47
2 GEC	16,166	9,150	57
3 Talbot	12,537	4,583	36
4 Rootes Group	8,281	4,000	48
5 Massey Ferguson	6,014	4,150	68
6 Dunlop	5,749	3,265	56
7 Courtaulds	3,784	2,500	66
8 Alfred Herbert	3,469	0	0
9 Associated Engineering	2,679	726	27
10 John Brown	2,195	316	14
11 Renold	1,128	0	0
12 TI (Tube Investment)	1,091	470	42
13 Lucas Industries	1,010	663	69
14 Ingersoll Rand	948	623	65
15 Sandvik	839	358	43
Total	93,186	43,894	47

• Employment in Coventry reached a peak in 1973, but has declined since then:

Top 15 companies	1975		1984		Total loss 1975-84:
	Number employed	% share	Number employed	% share	
Total manufacturing	93,186	100	43,768	100	49,418
Total employment	114,126	82	57,000*	77	57,126

* Estimates.

Source: Coventry City Council.

The state-owned car company, despite dramatic productivity and technological advances in recent years, still faces uncertainty because of the UK sales in 1984. Jaguar has already booked 100 applications by 13 per cent this year. Sales to the important U.S. market are up 10 per cent and on the Continent of Europe by 19 per cent.

Government disappointment at the company's sales and profit performance has prompted the Department of Trade and Industry to make a vigorous assessment of the five-year corporate plan. The outcome of that review is likely to determine the type and extent of any future link-up with Honda, of Japan, with whom Austin Rover is currently collaborating to produce a new executive car, code-named "the XX".

Talbot cars, formerly Rootes and then Chrysler, but now the UK subsidiary of Peugeot, of France, has contracted in recent years. Crucial to the future of the company is the investment now going into the assembly plant at Ryton, Coventry, for the introduction of a new model, the C28, due later this year. The new car is planned to boost UK market share which has slipped with the present ageing range of the Alpine, Solaris and Horizon.

The project, subject to Government support under the new regional assistance aid, will offer flexible manufacturing systems to enable quick change-over times to cater for the broad

range of wheels demanded by the relatively low volume UK assembly industry. Dunlop, which already exports 10 per cent of the output, is also looking to boost overseas sales.

Indicative of the commitment and rationalisation made by Coventry's big employers to cope with international recession is Massey-Ferguson. As markets have shrunk work from the U.S. and France has been brought into the Coventry factory, the company's largest tractor plant which now exports around 90 per cent of its output.

Mr Scott Glover, director of UK supply, says £1.2m has been invested to create "one of the most futuristic assembly lines in Europe, using automated guided vehicles to assemble tractor transmissions."

He says it is only the first of a number of projects scheduled for completion this year to streamline manufacturing and reduce production costs. The new facilities were needed to provide flexible manufacturing able to cut costs, improve delivery and be more responsive to the market place.

Away from the important automotive industry, GEC has seven factories and nearly 10,000 workers in Coventry, involved mainly in the profitable telecommunications business. Investment has continued and the local authority is confident the company has a long term commitment to the city based on "its faith in the labour force".

The big names in Coventry's once-important machine tool industry might have been humbled in recent years, particularly with the predicted and sad decline of Alfred Herbert. But encouragement is taken from the re-emergence of Wickman and Webster and Bennett, two famous companies disposed of last year by the John Brown engineering group.

Ketton (UK), a Kent-based engineering company, acquired the business, now operating as Wickman-Bonnett. Mr Ben Simon, the chief executive, has already increased the labour force from 180 to 340 and argues the engineering expertise is available "to develop and prove a new generation of machine tools."

He says: "The response we have had from our employees is second to none, and together we are showing our UK and international customers that we are a British machine tool company that produces high-quality products, at competitive prices and on time."

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COVENTRY 5

Venture could provide key test of profitability for the industry

Pace rises for JR of local TV

Cable TV

MR JOHN ROSS-BARNARD has been dubbed "Coventry's JR" by the local newspaper, not merely because of his initials but also because of his powerful position as head of the 500m operation that plans to bring cable television to the city.

Ironically, he once was something of a television personality as an announced and presenter at the launch of BBC 2. "But you won't recognise the face. It was a voice-over piece."

He has remained mainly out of vision since moving first into production and helping with the launch of Nationwide, before rising through the BBC management. He was recruited by the Coventry Cable consortium last May from BBC Enterprises, where he had spent five years "travelling the world developing the corporation's commercial arm."

The pace is beginning to quicken as the station, in a suburb just outside the city centre, heads for its September 12 launch. Coventry Cable, in an industry which has lost much of its sparkle since the Government awarded franchises in 1983 for 11 pilot projects, is regarded as a key test of profitability in the UK.

Mr Ross-Barnard is not coy about the advantages he feels he has in Coventry with its concentration of 119,000 homes, many in the working-class areas thought most likely to be receptive to multi-channel television.

"Coventry also has masses of houses with short front gardens and a super underground cable ducting system provided by British Telecom."

That is the bonus that Coventry enjoys over towns

where cable companies may have to incur the cost of digging up roads and front gardens to feed basic service into houses. British Telecom, following a similar climb down to Coventry, has installed underground ducting which can take television cable.

Some 90 per cent of houses are also equipped to receive overhead telephone services. The great economy for the television franchise is that the short front gardens stretch from the telegraph pole to the house merely has to be wired with a coaxial cable rather than the conventional telephone line.

Significantly, British Telecom has a 20 per cent stake in Coventry Cable. Then EMH, the electronic group with extensive interests in cable, has a controlling 51 per cent. Courier Press, a Midlands-based newspaper operation, holds 15 per cent and Equity & Law Life Assurance, with one of its headquarters offices in Coventry, has just acquired 9 per cent.

Coventry Cable plans to offer its 14 channel television service to 16,000 homes in its pilot area by next March. The area has been selected because it presents a microcosm of the city, reflecting social classes and ethnic backgrounds.

Register

"We might find that the response justifies us providing a special Indian language channel," Mr Ross-Barnard says.

The franchise requires Coventry Cable to cover the whole city within four years. "Depending upon the response, we have the flexibility. It could happen much quicker than that."

Commercial success rests upon the mass market—those who are prepared to pay a monthly rent of £13.85 to receive all channels. The most popular are expected



Mr. John Ross-Barnard: advantages of short gardens and underground cable ducting

to be non-stop films, pop music, sport and children's programmes, the sort of services that can be syndicated to Coventry.

But Mr. Ross-Barnard is anxious to ensure local input both to meet the requirements of business and to provide a channel for Coventry news, features and information. In association with the local Chamber of Commerce, employers and the city council, he intends to establish a register of manufacturing processes together with all the items that can be bought locally.

"Jobs have to be bought. They don't exist as of divine right. Customers have to be made aware that if they are buying from Britain or Birmingham, they are selling out jobs in Coventry," he says.

He draws a distinction with the old "Buy British" campaign. "We can offer the means, not merely the motivation."

He cites the case of the Jaguar components buyer who unsuccessfully combed the directories for a local supplier and bought from Sweden, only to learn that his requirement could have been met by a company yards down the road.

Mr. Ross-Barnard says the philosophy is simple: "If we look after Coventry it will look after us."

Building upon its natural advantages of strategic location and highly skilled population, the city has developed a comprehensive strategy for new technology development:

The academic strengths of a first-rate University have been enhanced by the creation of the fastest growing UK Science Park. This has enabled the effective transfer of technology and industry not only uniting the city's business sector, but leading to a demand for a full range of high-quality business sites.

Coventry can offer a range of well located and attractive development sites to meet the requirements of today's industry. Whether it be the unique research and development facilities of the Science Park, the quality of environment for modern industry at the Whitley Business Park, or a major green-field industrial warehousing and commercial site literally at the M6/M69 junction, Coventry can meet these specific requirements and can match many others such as:

University of Warwick Science Park: new technology research and development right next to the University campus on the southern edge of the city.

Whitley Business Park: a 55-acre site with a high-quality setting, superb accessibility, positive management and letting policy, just ten minutes drive from the Science Park. There is also an opportunity for a major hotel development.

M6 Triangle: an 80-acre high-quality green-field, fully serviced site offering industrial, warehousing and distribution, with appropriate ancillary commercial facilities.

Seven Stars Industrial Park: a 25-acre green-field serviced site offering industrial sites up to 5 acres, with excellent access. Development of two schemes is already under way.

All these sites are available on long leases and the City Council has a flexible approach to the methods of payment—to accommodate as far as possible the developer's means of funding. Business sites at Binley and Banner Lane also offer the opportunity for freehold development, if required.

Growth in store after long quest

Shopping

COVENTRY, once a shopping showplace with its pioneering pedestrian precinct, has been given its biggest boost in more than 30 years with news of investment projects totalling £50m.

Debenhams has ended the city's long quest for a second department store by announcing it will commit £25m to a 125,000 sq ft complex. Work is also to start next year on an £8m project to provide two glass-covered malls of 32 shops linking the new cathedral to Broadgate with its famous Lady Godiva statue.

Tenders are also to be invited for a prime city centre site with planning consent for a 40,000 sq ft supermarket.

Mr Harry Noble, city architect and planner, is conscious of the criticism of the once-acknowledged but now positively dated pedestrian precinct. Coventry is literally out in the cold in an era when most towns have covered shopping centres. Public opinion is being tested about whether parts of the precinct should be covered.

The city council has already

committed increased resources to repair and maintenance to help improve the appearance of the central area. Research into public opinion suggests that about half the customers are generally critical of the shopping facilities, particularly car parking. Against that, an equal number were satisfied with the central area, tend to be the older, less affluent group, whose numbers have increased during recession. They could be expected to spend less than the mobile car owners who could choose to shop regularly elsewhere.

Indeed, Coventry has lost out from changing shopping patterns, with customers tempted to what is perceived to be more up-market retailers at nearby centres such as Solihull and Luton.

Estimating agents report that from the late 1960s to the 1970s, Coventry was under-shopped to the extent that it was very difficult to obtain units in the central area. Then say the situation is now easier, partly because of recession and partly because of the squeeze on profits caused by rent reviews, particularly by the city council, which owns much of the freehold of the central area.

It is hoped the planned new

investment, particularly the vote of confidence given by Debenhams, will restore Coventry's attractions as a retail centre. Mr Charles Sebestyen, director of development and property services for Debenhams, describes the superstore project as "the most dramatic and spectacular of its kind."

The 125,000 sq ft of retail space will be on a three-level mall, featuring a restaurant and indoor garden. There will be parking for 800 cars. Debenhams will occupy about two-thirds of the space with other retailers being invited to take up small units in the mall.

The size of the development means the store is unlikely to open for about four years. Some 15 shops and a car park have to be demolished to clear the site, which is on a prime site in Smithford Way, next to Marks & Spencer.

The arrival of Debenhams is seen as an important way of injecting more life and diversity into city-centre trading has been a craft antiques "flea market" opened in the old fire station. Coventry has long had a big covered market but the council has started discussions with the traders about providing an open market.

The pattern of city-centre shopping has been affected by the development of out-of-town foodstores. Tesco and Sainsbury both have big outlets at the superstore in the city centre, near the Warwick University campus.

But the city council has now

identified a new central site in Queen Victoria Road for a 40,000 sq ft food store. Tenders are expected from the principal big food retailers.

Work on the 1½ acre site is planned to start early next year with the 32 shops trading by September 1987. Cathedral Lanes, as the project is called, will have two glass-covered malls and be geared towards smaller speciality traders, such as high-quality boutiques, bookshops, herbalists or delicatessens.

In character with the development, traders will be able to rent burrows in the malls on a weekly basis in a bid to encourage people to start new businesses.

Part of city council plans to inject more life and diversity into city-centre trading has been a craft antiques "flea market" opened in the old fire station. Coventry has long had a big covered market but the council has started discussions with the traders about providing an open market.

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business done in the winter months." But conferences are also moving into the summer and tourist business is picking up.

"I have 15,000 Americans staying here in the period from May to September—a record in our 12 years of operation."

Mr Griffin believes the changing image of Coventry is beginning to establish the city on the familiar Stratford-Warwick tourist route.

A further boost is expected from the decision to build two shopping malls linking the cathedral to the other major tourist attraction, the Lady Godiva statue, in Broadgate.

The key issue is how long it will take to persuade tour operators that Coventry is a good stop-over. Even the cathedral has difficulty persuading operators it is worth more than a 30-minute visit.

The city council must hope its backing for a seven-month campaign of events starting this month, to mark the centenary of the motor car will act as a catalyst.

Improved image reaps benefits

Tourism

TOURISM, for so long disparaged as the manufacturing city of Coventry came into its own. The pre-judice has been as rife among Labour city councillors as in neighbouring Warwickshire where, customised by the natural attractions of Stratford and Warwick, the controlling Conservative group has traditionally taken the view: "Why should we subsidise people to sell ice-cream when we don't put money into developing industry?"

The cable operation is seeking a contribution to its local news and features channel from the Coventry Community Media Circle—students at Coventry Polytechnic and Warwick University who have completed courses in communications.

The difficulty for the national television stations is that they may receive about 2,000 applications a year for perhaps only 12 jobs. At least we can give well-qualified students some practical experience of broadcasting."

Mr. Ross-Barnard says the philosophy is simple: "If we look after Coventry it will look after us."

TOURISM, he says, is the employment and revenue potential offered by the tourist industry has been highlighted by two working parties, comprising Coventry businessmen and local authority officers. The strategy they recommend has been endorsed by the Confederation of British Industry.

The reports pointed out that tourism was growing at a pace in Britain sufficient to be the biggest business in the country by the end of the century. Trade was changing, with business no longer centred around coastal resort but moving to locations such as York, Nottingham, Bristol and Hull.

While Coventry had a strong tourism base, it suffered from a bad image and a lack of investment in promotion. New jobs could be created at relatively low cost because tourism tended to be unskilled and labour intensive, the report said.

Attention was focused upon the comment by the English Tourist Board that Coventry has "the distinct advantages of a good accommodation base,

accessibility, location, proximity to Stratford, Warwick and Kenilworth and peripheral attractions."

But the studies stressed the urgency of the task: "The emphasis of this strategy is that through the promotion and development of tourism we can make the most of what we have in Coventry; capitalise quickly on the rapid growth in the tourism market and make sure that a 'one stop for all' opportunity is not lost."

Mr Griffin, on behalf of the local hoteliers, believes the opportunity has been seized.

"Coventry has a changed image. I am not talking just about the bucket and spade business but the conference and convention trade."

Coventry, close to the National Exhibition Centre, has built upon its strength for handling the small and medium-sized rather than the big conferences. But new promotions have opened up further opportunities, Mr. Griffin says.

"At the De Vere, we are a convention and conferences hotel with the bulk of our



Invest
in
Successful
Coventry



For further details, please contact:
Sue Ashby, Coventry City Council, Spire House, New Union Street, COVENTRY CV1 2PS
Tel: Coventry (0203) 25555, ext. 2073

TECHNOLOGY

EDITED BY ALAN CANE

1994: Robot space station for man

The U.S. is designing the world's most technically advanced manned space station for launch in 1994.
Peter Marsh, in the first of a two-part series,
reports from the centre of operations in Houston.

THE PROJECT to develop a \$12bn international space station by the 1990s presents a bigger challenge than the effort two decades ago to put a man on the moon, according to engineers at the U.S. National Aeronautics and Space Administration.

Design work for the station, to provide accommodation for up to eight people in a base 350 km above Earth, has started in four NASA centres in the U.S. The centres are working with eight teams of engineering contractors to produce the final blueprint for the station by next year.

After this, NASA plans to place further contracts with companies to build the components for the station by about 1994.

During the design phase, the NASA bases will each liaise with two groups of engineering teams on specific parts of the station. A new corps of NASA staff, based at the Johnson Space Center in Houston, will select the final shape of the station from the ideas thrown up by all these groups.

Once the design has been fixed, NASA will itself be responsible for hiring contractors to do the development work and for fitting the components of the station together. In previous big U.S. space projects, in the Apollo Moon programme and the \$12bn space-shuttle development for instance, NASA paid a single contractor to do this job on its behalf.

"The management challenge will be enormous," said Mr Sam Nassif, international projects manager at the Johnson Space Center. Mr Nassif is part of a team of several hundred people at the Johnson centre overseeing the space-station work. The

NASA has chosen the following contracting teams to work on the 21-month design phase of the international space station:

- The agency's Marshall Space Flight Center is liaising with Boeing and Martin Marietta on the design of accommodation modules, environmental control, propulsion systems and robot tugs for docking with satellites.

- McDonnell Douglas and Rockwell are working with the Johnson Space Center in Houston on the overall architecture for the station, docking units for shuttles, communications and data management, attitude and thermal control and plans for sleeping quarters and a kitchen.

- NASA's Goddard Space Flight Center near Washington is to team with international partners.

staff will probably build up to several thousand by the time development work hits a peak in the late 1980s.

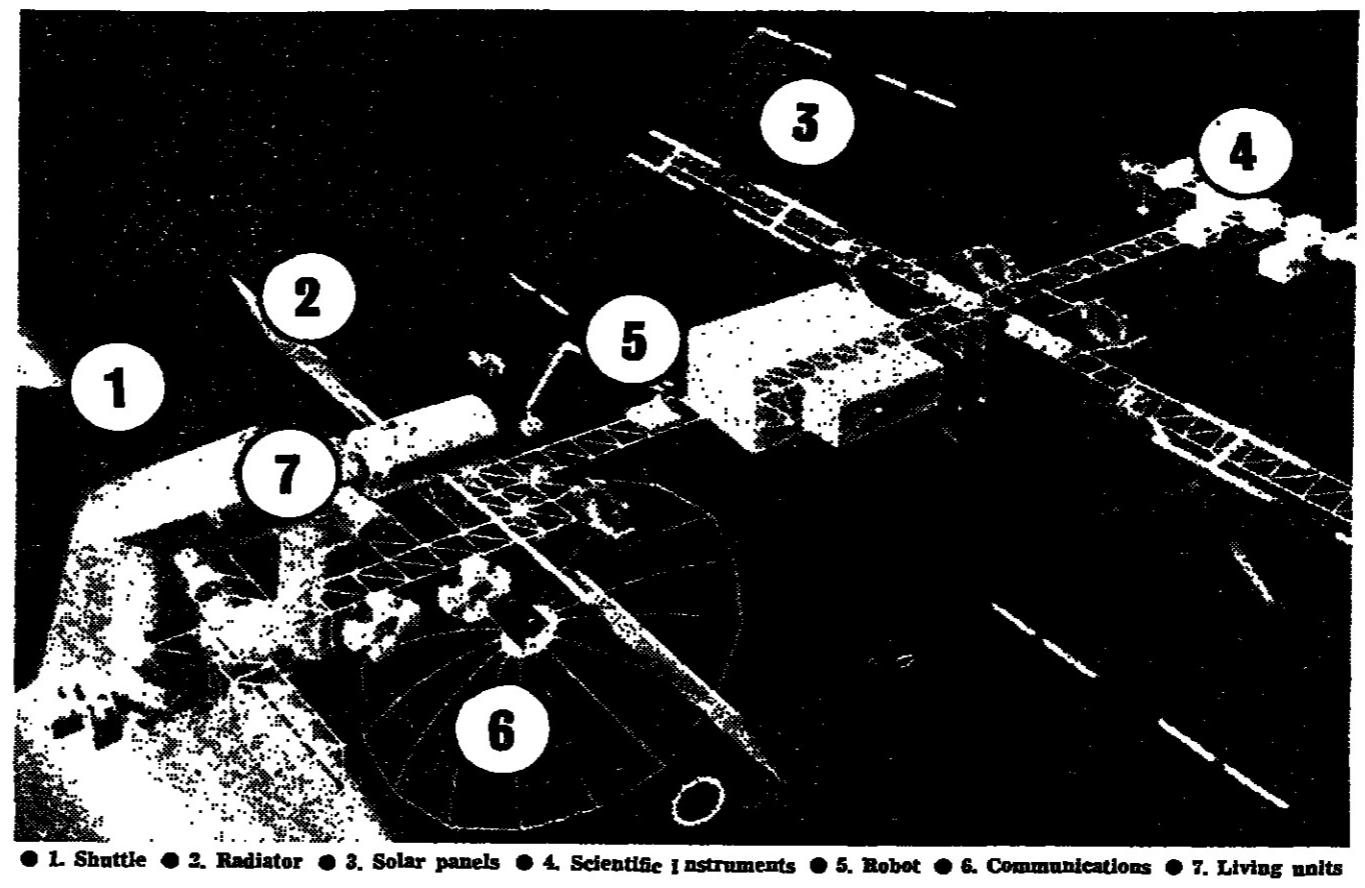
President Ronald Reagan outlined plans for the station, to be used for scientific experiments and studies in areas such as low-gravity materials processing, in January last year. Since then, Japan, Canada and 11 West European countries (under the auspices of the European Space Agency) have agreed to help in the design phase. After this, work on building the base will start in collaboration with international partners.

laboratory that would plug into the central U.S. core of the orbiting structure. Canada, meanwhile, would provide servicing elements that would be scattered throughout the base, for example automated systems to repair faults or to dock with unmanned satellites.

The design work of these countries is being co-ordinated with NASA's efforts through a series of committees set up by the Johnson Space Center.

NASA has provided a reference design for the station, which will act as the basis for the work now in progress. The reference, produced by 200 NASA engineers in four months last year, calls for a total of five accommodation modules to be strung out along a tower about 100 metres long.

Two modules would be for experiments, two would provide sleeping quarters, a kitchen and leisure space while the final unit would act as a ware-



● 1. Shuttle ● 2. Radiator ● 3. Solar panels ● 4. Scientific instruments ● 5. Robot ● 6. Communications ● 7. Living units

house for food and scientific apparatus supplied from Earth.

There would also be a docking base for connections with space shuttles, which would arrive at the station every three months, to replenish supplies and exchange crews.

A total of seven shuttles, according to the schedule, would be required to lift components of the space station into orbit in the early 1990s. Gangs of space construction workers would then be required to bolt or weld the sections together.

One of the most important technical tasks in the development phase is to give to robots and other automated systems as many as possible of the house-keeping jobs aboard the station.

"We are going to build a bridge as in a boat where the captain sits all day and flies the ship. The station will basically fly itself," said Mr Cecil Grigg, deputy manager of space

station projects at NASA's Marshall Space Flight Center in Huntsville, Alabama.

As a result of this strategy, computers will oversee such things as electricity generation and control of the air supply in the station's living quarters.

NASA planners also intend to delegate to machines the job of tracking hazardous space bodies such as meteors, so that small rocket thrusters on the station can be fired in time to move it out of harm's way.

Unmanned tugs, called orbital manoeuvring vehicles, will glide out from ports on the station to rendezvous with satellites or platforms laden with scientific instruments that may have to be brought to the space station for repair.

NASA engineers envisage that the crew will only occasionally have to don space suits to inspect or repair parts of the station away from the living quarters and modules. These

outer elements, which will mainly act as repositories for scientific packages such as cameras to observe the stars or the Earth's surface, will be tended mainly by robot repair units.

The station will be called upon to provide up to 75 kW of electrical power, mostly supplied by solar panels stretching out from either side of the central tower. In contrast, each vehicle in the current shuttle flight has available only about 10 kW (provided by fuel cells) while ordinary satellites normally manage with no more than a kilowatt.

America's space engineers will need to devise ways to channel into the cosmos the large amount of waste heat generated by activities on the station, from furnaces for growing crystals for instance to powerplants for life support systems.

What will use the station? NASA intends that government scientists from the participating countries will form the bulk of the crews. But they may be supplemented by people sponsored by companies which wish to do research in space.

Nasa has signed several agreements with companies that are doing experiments on space shuttle flights. By the 1990s such enterprises may be sufficiently keen on space-based research to pay for their scientists to work on long spells on the permanent base.

For instance, McDonnell Douglas is testing equipment on the space shuttle to separate the hormones in low gravity. 3M is interested in the new materials that may become possible when forces due to gravity such as thermal convection are removed.

John Deere, the agricultural machinery company, is to investigate the formation of iron alloys in space, on the basis that knowledge from the exercise may help the development of new processes on Earth.

Other benefits from work in space may be defect-free semiconductor crystals and new forms of pharmaceuticals.

Among the most enthusiastic proponents of space industrialisation is Dr Max Faget, an ex-Nasa engineer who has formed Space Industries, based in Houston, to build a manufacturing unit for work beyond the atmosphere.

Space Industries, whose backers include Brown and Root, the construction company, plans to place in orbit in 1989 a large canister about 10 metres long with room for several people. The canister, called the industrial space facility, would be hired out to companies interested in low-gravity processing.

The facility would be launched on a shuttle flight and left in orbit for several months for uncrewed operation. Once the space station is built, the module could be serviced by remote-controlled tugs from the orbiting base.

It has not proved easy, however, for Nasa to interest companies in space processing. Mr Isaac Gillam, the agency's assistant administrator for commercialisation, admits that much of the basic research in such work has still to be done.

THE ARTS

Arts Week
 instead of 54 hours). (*The and That*, (21/22/23)).
 Parma Teatro Regio: Romeo and Juliet by Charles Gounod, conducted by Alain Guingol and directed by Beppo de Tomasi (Tue, (22/23)).

NETHERLANDS

Balanchine programme from the National Ballet, Apollon Musagète (Stravinsky), Tumbeau de Coquerin (Ravel), and Thème and variations (Tchaikovsky). Wed in Tilburg, Stadschouwburg (43/22/20). Thu in Utrecht, Stadschouwburg (31/20/41).

BRUSSELS

Theatre Royal de Monnaie: Tristian and Isolde, conducted by Sylvain Cambreling with Spas Wenkoff and Solist Beethoven, Bartok (Mon), Salle Playel (Tue/Wed).

VIENNA

Staatsoper: Don Quixote by Mikulas and Novyjev conducted by Richter with Seyfried and Loriente, Wagner's Master Singer from Nuremberg conducted by Schneider with Pape, Jahn, Weil, Molt; Macbeth conducted by Sinopoli with Zampieri, Vane, Bruson, Ghiaurov, Cetra's Ball conducted by Cetra with Adam, Modl, Jahn, Schmid. (32/24/25).

NEW YORK

Aleoste - alternates with Soiree des Ballets to music by Berlioz and Lully in Rudi van Dantzig's and Francine Deshayes's choreography at the Park Opera (26/27/28/29/30/1/2).

PARIS

The very amateur C.R.C.O.P. alternates with the Ballet School Spectacle. Opera Comique (29/30/61).

Hamburg Opera Ballet, choreography by John Neumeier, offers Mahler's 6th symphony in its first programme, Bach's Saint-Matthew Passion in the second and Mozart, Henze and Schumann in the third programme. Theatre de la Ville (27/28/29).

LONDON

Royal Opera, Covent Garden: Andrea Chénier, a second-rank work of Italian verismo, returns to the house with a cast that promises to make it seem better: Plácido Domingo in the title role, Anna Tomowa-Swinyaj in Giorgio, and the English National Opera's Glyndebourne. Further performances of the King Prawn revival in honour of Tippett's 80th birthday: last of the Lucia series, with Joan Sutherland and Carlo Bergonzi in wonderful, indeed extraordinary form (24/26/28).

WEST GERMANY

Berlin Deutsche Oper: Fidelio, a Jean-Pierre Ponnelle production, with Gundula Janowitz and Siegfried Jerusalem. Puccini's La Fanciulla del West has Galina Vishnevskaya in the title role. (31/38).

TOKYO

Sankaijuku Butō (Japan's surreal avant-garde dance), now based in Paris and the best-known group internationally, Sankaijuku has its homecoming in a month of performances throughout Japan - ironically without Butō, least known despite its Japanese origins. Both the dance form and the Japanese attitude towards it (initial disapproval, now uniformly led efforts toward acceptance), provide interesting insights into Japanese psychology. A beautiful and poetic performance full of memorable images - and not at all grotesque. Kuni Hōken Hall, Gotanda. (Mon 2pm, (49/50/51).

WASHINGTON

Ballet West (Opera House): Local premiere of Lark Ascending is part of the mixed programme alternating with Abdulla Almazov's company's visit. Ends May 3. (24/25/26).

ITALY

Florence: Teatro Comunale: The Maggio Fiorentino opens with Verdi's Don Carlo, directed and with scenery and costumes by Pier Luigi Pizzi and conducted by James Conlon. The opera is given its "official" version - divided into four acts (but with one interval, so as to last four

Music

PARIS

Ensemble Orchestral de Paris with Yehudi Menuhin as conductor and soloist: Beethoven, Bartok (Mon), Salle Playel (Tue/Wed).

NETHERLANDS

Balanchine programme from the National Ballet, Apollon Musagète (Stravinsky), Tumbeau de Coquerin (Ravel), and Thème and variations (Tchaikovsky). Wed in Tilburg, Stadschouwburg (43/22/20). Thu in Utrecht, Stadschouwburg (31/20/41).

LONDON

London Symphony Orchestra conducted by Sir Colin Davis with Stephen Bishop-Kovacevic, piano. Beethoven and Berlioz, Barbican Hall (Tue).

ITALY

Milan: Teatro alla Scala: Claudio Abbado conducting the violinist Salvatore Accardo and the pianist Maurizio Pollini, with the Scala Philharmonic Orchestra. Bach (Mon) (8/9/10/11).

VIENNA

Royal Philharmonic Orchestra conducted by Whieldon Rowland with Anne Fisher, piano. Mozart, Beethoven and Schubert. Konzerthaus (Sun, Mon and Tue).

BRUSSELS

London Philharmonic Orchestra conducted by Klaus Tennstedt with Céline Ousset, piano. Britten, Beethoven and Strauss. Royal Festival Hall (Wed).

NEW YORK

London Symphony Orchestra conducted by Geoffrey Simon with Margaret Fingerhut, piano. Smetana, Falla, Tchaikovsky. Barbican Hall (Thur).

NETHERLANDS

Rotterdam, De Doelen: The Rotterdam Opera Choir conducted by Piet Fijen with Hans van Hoesel, tenor (Mon); Arias (Tue); Arias and Raymonde, flute. Programme includes premiere of Keizer's new work for organ and wind ensemble (Mon); Liedmeets concert by Maarten Bon, Marja Bon, Gerrit Hommeren and Ronald Brautigam, pianos. Stravinsky's Sacre du Printemps arranged for four pianos (Wed) (14/20/21).

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NETHERLANDS

Amsterdam, De Stadhuis: Via Della Conciliazione: Yuri Temirkanov conducting Prokofiev and Shostakovich. (Sun, Mon and Tue).

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THE ARTS

Cinema/Nigel Andrews

Farce and horror Down Under

Utu directed by Geoff Murphy

The Future of Emily directed by Helma Sanders-Brahms

The Times of Harvey Milk directed by Robert Epstein

Eddie and the Cruisers directed by Martin Davidson



Emily (Diona Rodgers) defends herself against the Maoris.

Machete picked off the bookshelf; and our own stomachs quaking uncertainty over whether the white couple will live or die.

The film has the courage not even openly to take sides. The white characters are allowed a ration of dignity and so are the Maoris. The British commander may be a cardboard duffer out of Gilray, but his young military tactician (Kelly Johnson) is a capering innocent with sudden gleams of ingenuity. And that balding Kiwi actor with the burning eyes, Bruno Lawrence (of *Smash Palace*), vastly dominates the film's sub-plot as a farmer widowed by Te Wheke who goes on his own crazed quest against the Maoris. He takes with him a four-wheel shod homemade bullet-loader (like a bus conductor's change-machine) and a tendency to pop up out of nowhere (a beer barrel, a basement) when you least expect it.

This near-pantomime approach to colonial conflict turns out to yield more wit, more originality, more fire than might than any amount of cynical in-folding in the British blockbuster style. In so many historical films, our hindsight knowledge of the outcome allows us to lend events a rhetorical, distanced grandeur. In *Utu*, the sudden ambushes, the slapstick errors, the bursts of violence are happening as if now. There is no refuge in hindsight, no escape from war's immediacy and its moment with Shakespeare's Antipodean task-force.

It's amid the smoking ruins of his family's village that he decides on rebellion. And it's the ensuing campaign we follow, with Te Wheke's little army alternately chasing and being chased by the outraged Britishers (was ever a colonial power so self-righteous in its territorial greed?) with the sopping, mist-thick creases and valleys of New Zealand boasting ambuscades, shoot-outs and mini-massacres.

The wonder of the movie is that it's played as if Murphy's only previous film is the chase comedy *Goodbye, Port Pirie* had given birth to mad confusion sequel. It is never ponderous, but never merely lightweight, either. The sacking of a white couple's homestead is staged like a horrific farce; a hide-and-seek game up and down stairs; a grand piano poured over a balcony and crashing to earth with a cosmic discord; Te Wheke putting up his feet for a moment with Shakespeare's

Antipodean task-force.

With each new London recital Mr Perez de Guzman asserts ever more authoritatively his right to be considered the leading young Spanish pianist of a fine day. The latest was Wednesday's, at the Wigmore Hall, an occasion for displaying his special gifts in a shining light. The programme was as enjoyable as it was unchallenged in composition, and to all of it Mr Perez de Guzman brought the cultivated beauty of touch, the eloquent unforced musicianship, and the quiet confidence of manner that separate him so sharply from the great mass of today's young career-pianists.

One had not thought of him as a Brahms pianist; and, in

truth, the performance of the F minor Sonata, Op 5, that occupied the first half was not of traditional Brahmsian stamp. It was unfailingly beautiful (apart from a few forgiveable splashes earlier on); but it was a kind of beauty — achieved by coolly poised chording; an impeccable balance of parts and weight between the hands, and a gently sophisticated shaping of melodies — that suggested emotional reserve in Mr Perez de Guzman's approach to the music. There were no haunted inner voices in the middle movements, no powerful romantic outbursts in the outer. Everything was kept under control — and if a degree of criticism attaches to that state-

ment, so must praise. In the second half, the pianist moved with easy certainty onto native ground — that territory of Spanish minor masters in whose delights pianists like Alicia de Larrocha and himself can instruct even the most intrinsically puritan ear. A large group devoted to the senior Spanish composer Xavier Montsalvatge included a new work, marvellously slight and economical of mood, for the left hand, written as a tribute to that even more senior Iberian, Mompou. Montsalvatge's Three Divertissements and his *Sonatine pour Yvette* exercised an attractively personal bilingual language with wit, flair, and

sudden displays of showmanship — and in all those arts Mr Perez de Guzman showed himself peerless.

The Falla group with which he closed had at its rarity the early (1903) *Allegro de concierto*, a thoroughly uncharacteristic piece of bravura writing with odd, Franck-like turns of sequence (a pity there was no programme note to tell the audience about its test-piece); it served well as an emotional springboard when thrown off with such urbane dash and flourish. The last movement was a full hall; it also seems that this pianist's period of greatest celebrity is still not come. That will come, there can be no room for doubt.

"No, no, they can't take that away from me," Deely sings with Anna, as they recall the days 20 years since when they met in pub, explored the fringes of sexual encounter at parties. What they can do is change its shape. Anna shared a room with Kate, Deely's wife, in those days, and her memories and Kate's and Deely's don't always mesh.

Anne (Liz Ulman, with a slight Scandinavian accent like Garbo's) is standing upstage with her back to the house when we begin. She wears a black dress. She might be dead. Kate tells late on of having seen her dead on her bed; but there is also talk of her life in Sicily with her well-connected husband. On the other hand, such things may be Deely's fantasies for Deely's recollections, like Anna's and Kate's, are not always strictly rooted in truth. When play-

ends, he is in tears, and the last subject of conversation had been Kate's recollection of her death.

Earlier in the evening, however, Kate, tired of listening to Anna and her husband discussing her activities of two decades ago, breaks out "You talk of me as if I were dead," and indeed they do. It is not possible that Harold Pinter, in this one of his more impenetrable exercises, would have us believe that Kate and Anna both are dead, and that Deely has summoned them up from his recollection of old times. There was that time when he picked Kate after seeing *Odd Man Out*. There was the evening he spent looking up Anna's skirt when she was wearing Kate's underclothes. Was there anything else as positive as that?

The players do not give us any help in the matter, nor do I suppose they're meant to.

Old Times/Haymarket

B. A. Young

The awarding of the Pulitzer Prize for drama to last season's *Sunday in the Park* with George only emphasizes the dearth of musical in the latest Broadway season, which ends next week with the three of the Tony committee cancelling the awards for the best musical altogether for this year.

The opening of Hal Prince's

latest production, *Grind*, at the

Haymarket does nothing to

dispel the qualms about the

season's musicals. The story of

a love triangle backstage at a

Chicago burlesque house in

1933, the book substitutes issues

for personality. The love tri-

angle part is cliché, the failed

effort to eke out some sympathy

for his confused story of losing

a wife and child in some horrid

accident, he never sings, rarely dances,

rarely rings and barely emerges

from morsom inertia.

Fay Kanin's book suffers

throughout from an assumption

that tragedy substitutes for

personality. Most of the charac-

ters have a wrenching past or

future meant to bring them

sympathy. What sympathy they

get comes from an audience

their voices, their feet and their smiles. They are given some

jusly numbers in Larry Gross-

man's music and Lester Wil-

son's choreography, but they

make the show routine. Why,

Mama, why? the reason they

match so well suited to each

other.

Timothy Nolan plays the

Irishman with a resonant tenor

and passable brogue, but, hav-

ing started as a drunk dis-

covered in an alley, he never

makes the appeal of the prima-

no. As a doctor and a cadaver

As with the Irishman's drun-

kiness and the racial thrust of

the plot, the blindness

explains rather than expresses

the character's weakness.

Stubby Kaye brings back the

vauville era as a comedian

consoling his straight

sight, jabbing the other charac-

ter too hard in a funny routine

about a doctor and a cadaver.

The players do not give us

any help in the matter, nor do I

suppose they're meant to.

B Minor Mass/Barbican

Paul Driver

The Barbican's "Memhlin Bach" series of five concerts ended on Wednesday night with a performance of Bach's B minor Mass in which the English Chamber Orchestra, the Tallis Chamber Choir and soloists Alison Hargan, Mira Zaki, Martyn Hill and John Shirley-Quirk were directed by Yehudi Menuhin.

Unlike many of the current

Bach-Handel birthday celebra-

tions, this one was not an

occasion consecrated to

"authenticity": no period

instruments, a rich orchestral

palette, a medium-to-large

choir with a sturdy English

sound. Not only lacking the

trappings of authenticity, and

already doomed to seem old-

fashioned, the performance

lacked any evidence of a period

approach to matters of tempo

control, rhythmic articulation

and expressive flow.

Even lacking this it might

still have commanded attention

if Memhlin's tempi had not

been so prevalently plodding,

or otherwise so prone to sudden

alteration. A long ritardando in

the Gloria from "Domine Deus

"Qui Tollis" sounded strangely arbitrary and was ineffectual; while numerous "expressive" pauses and lengthenings of the beat did not really add up to a very interesting interpretation of music.

The opening Kyrie was a dull

plot, and the climactic Sanctus

was by no means as explosive

or luminous as it deserves to be;

but the last chorus of the Gloria

was, however, a good strong

piece of music-making, and the

"Et resurrexit" of the Credo

account of himself.

Glyndebourne gala

to aid surgeons

On Friday August 16, Glynde-

bourne Festival Opera will give

a gala charity performance at

the Barbican Hall in aid of the

research funds of the Royal

College of Surgeons of England.

It will be performing Mozart's

opera *Idomeneo*, with the London

Philharmonic Orchestra, con-

ducted by Simon Rattle, and

with the Glyndebourne Chorus.

The cast will be the same as

that performing the opera this

year at Glyndebourne.

5/5

ENO plans a world premiere

BY GAY FIRTH

Eight new productions, including the world premiere of Harrison Birtwistle's *The Mask of Orpheus* in May next year, are among 21 productions planned for the English National Opera's 1985-86 season at the London Coliseum.

Between August 24 and June 28 1986, the company will give 204 performances. Jonathan Miller, described by Lord Harewood, the ENO's retiring managing director, as a man "who doesn't seem to change his mind" about returning to direct opera for the company, opens his new production of *Don Giovanni* on December 4, with William Shimell as the Don, Richard Josephine Barstow as Donna Anna. Sponsored by Brush Olivetti Ltd and designed by Philip Prowse (making his Coliseum debut from the Glasgow Citizens Theatre), Miller's darkest masterpiece will be conducted by Mark Elder, who will also conduct the British stage premiere of Busoni's *Doctor Faust* in an ENO co-production with Deutsche Opera of Berlin.

In March 1986, Reginald Goodall will conduct the opening performance of Wagner's *Parsifal* in a new, specially-commissioned translation by Andrew Porter, produced by Joseph Hockley.

Eleven revivals include further performances of Jonathan Miller's spectacularly successful production of Verdi's *Rigoletto*; Wagner's *The Mastersingers of Nuremberg*, with Gwynne Howell again singing Hans Sachs; and Handel's *Julius Caesar*, conducted by Charles Mackerras, with Carolyn Watkinson making her ENO debut in the title role. Janice Cairns will sing Rosalinda in the revival of *Die Fledermaus*. *Costa's Way*, *Die Butteroper*, *Bartered Bride*, and *Le Bohème*, in an ENO production sponsored by Esso (UK), return to the repertoire next season.

The Arts Council grant to the ENO for 1985-86 is £6,034,500. This is £1m less than was asked for — on a basis of need rather than hope — in a budget submission which this year sought to provide a company pension scheme for all, not just a few employees; and, in Lord Harewood's words, to pay "reasonable minus" salaries to people who work for us."

FINANCIAL TIMES

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Telephone: 01-248 8000

Friday April 26 1985

Time to free textiles

HOW LONG is a "breathing space" and how special are the textiles? A war of words is being fought between relatively liberal Germans, Danes and Dutch and the stoutly protectionist French and Italians. Logic alone might suggest that the Thatcher Government must ponder over the next few weeks as it reviews its attitude to the Multi-Fibre Arrangement (MFA).

Although the first MFA was introduced only in 1974, the British textile industry has enjoyed a degree of special protection against low-cost imports from developing countries for 23 years. Each successive web of temporary restrictions has ostensibly served to give developed countries' textile industries time to adjust to the challenge from the third world.

Protectionist schemes such as the MFA are expensive. The effect of rationing imports from the countries able to produce textiles and clothing most cheaply is to raise prices for British consumers. In a special study for the Government, Professor Andrew Silberston recently put the case that the MFA to the British public at about £700m a year in current prices. This could be an underestimate because the study assumes the MFA pushes up the retail price of textiles and clothing by only 5 per cent.

But free competition between developing and developed countries might lead to quite dramatic price reductions: the companies (mainly in Hong Kong, Taiwan and Korea) which currently hold quotas have an incentive only to maximise the value of a nearly-fixed total volume of exports. They are also spared serious competition from even lower cost, emerging exporters in Africa and Latin America.

Agreement

It is easy to see that the MFA imposes costs on both developed and developing countries. It is harder to see who gains. Decades of restrictions have not prevented a steady contraction of UK textile and clothing firms — although the best managed among them, by concentrating on particular areas of the market, have found ways of surviving profitably.

The present MFA expires in July 1986 but agreement on its successor is needed by this July. The UK's attitude may be crucial in determining the stance

New targets for British coal

WHEN THE miners' strike was at its bitter height last summer, Mr Nigel Lawson, the Chancellor, remarked that the heavy cost of resisting the unrealistic demands of the National Union of Mineworkers was an investment well worth making. The principles for which the Government was fighting were that the coal industry should, so far as possible, be run on ordinary commercial lines and that management should have the right to manage.

Any business that does not even aim at financial break-even can hardly be called commercial. Hence, on the face of it, the Government's intention of eliminating losses by 1987-88, revealed in yesterday's Coal Industry Bill, is the natural epilogue to the miners' strike. Without some such commitment, Mr Lawson's talk of a worthwhile investment would now sound odd.

With luck and fortitude over the next two financial years, the Coal Industry Bill may prove something of a watershed. The last vestiges of the "Plan for Coal" have been wiped away. The Government is no longer committed to producing a pre-set physical volume of coal regardless of costs, international competition or the state of the economy. Physical targets and financial targets are incompatible, as in its handling of the macro-economy, the Thatcher Government has wisely opted for the latter.

Surprise

The goal of financial break-even before the new general election sounds impressive but will not be straightforward. In order to make it appear even faintly credible the Government is now pumping cash into the industry at a surprising rate in view of the Prime Minister's rhetoric about subsidies during the miners' strike. In total the industry will receive £2.65bn over the next two financial years only £1.2bn of which can be regarded as compensation for the costs of the strike itself. The price of break-even will be heavy taxpayer support. It is a surprise.

The importance of setting the right targets should not be underestimated but it falls well short of the importance of achieving them. There are two dangers raised by the commitment to financial break-even in

of the European Economic Community, which negotiates as the textile industry does. These are the questions the British Government must ponder over the next few weeks as it reviews its attitude to the Multi-Fibre Arrangement (MFA).

Although the first MFA was introduced only in 1974, the British textile industry has enjoyed a degree of special protection against low-cost imports from developing countries for 23 years. Each successive web of temporary restrictions has ostensibly served to give developed countries' textile industries time to adjust to the challenge from the third world.

Stand firm

If, as is highly probable, outright abolition not regarded as feasible, the UK Government should be prepared to stand firm on two principles: the no-MFA must be more important than the present restrictions and it must be the final MFA. In other words, statements to the next MFA would accept its phasing out by an agreed date and implement immediate concessions — for example faster growth of imports of the most sensitive items, perhaps closer to 6 per cent per annum (the original target) than the present 1-2 per cent. In particular, controls would not, as in the past, be extended to any new categories of goods.

Companies have made investment decisions based on the present panoply of controls, so the phasing out of restrictions might need to take as long as 10 years. The liberalisation would probably be best specified as a stated increase in the rate of growth of imports allowed in various categories eventually by, say, 1990 the increases permitted would be as generous as to represent no constraint at all. At this point the MFA would have melted away.

If some such liberalisation cannot be agreed in coming months, the prospect of reversing the menacing tide of protectionism currently overtaking so many sectors will be that much more bleak. Developing countries in particular will, with some justice, regard next year's putative round of Gatt talks, on which the West pins such hopes, as little more than a charade.

Agreement

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the coal industry. First, if as the next election draws closer, the target begins to look unachievable, might not the Government be tempted to indulge in creative accounting on a generous scale? A break-even target will mean nothing if the Government is committed to providing the support necessary in one way or another.

Appreciate

One difficulty is that the profitability of coal depends so heavily on the prices paid by its very large domestic customer. Hence, on the face of it, the Government's intention of eliminating losses by 1987-88, revealed in yesterday's Coal Industry Bill, is the natural epilogue to the miners' strike. Without some such commitment, Mr Lawson's talk of a worthwhile investment would now sound odd.

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President Ronald Reagan finally lost his magic touch? Has his legendary luck deserted him?

Suddenly, in the course of a few painful days, Mr Reagan has run into a squall of political difficulties that have set political Washington wondering whether he is not at last losing his almost uncanny immunity to disaster — the renowned "Teflon coating" that has so far protected him from the wear and tear of more than four years in the White House.

Two weeks ago, Mr Reagan was riding high, well set to embark on another triumphal European tour designed to reaffirm his successful leadership of the U.S. and the Western alliance. The scenario called for a business-like economic summit in Bonn, followed by a magnanimous gesture of reconciliation with West Germany on the 40th anniversary of the end of World War Two in Europe. The theme was to be the strength and unity of the West after 40 years of pain underlined by a statesmanlike appearance before the European Parliament in Strasbourg and a visit to the two countries soon to join the European Community, Spain and Portugal.

By Reginald Dale, U.S. Editor, in Washington



President Reagan: riding high two weeks ago, now down in the opinion polls

Poll showed his overall approval rating sharply down to 54 per cent — the lowest since October 1983. And as if to prove that bad news never comes singly, the economic indicators that have been so kind to him over the last two years and more have started flashing warning lights. The final verdict is not yet on in the longer term implications of the latest official estimate of a bare 1.3 per cent annual growth rate in the current quarter. But even senior Administration officials now openly admit that the economy is "faltering."

Yet it is in a way a tribute to Mr Reagan's continuing popularity that the first reaction of many of his critics has been to blame his White House advisers, rather than Mr Reagan himself — at least for the more dramatic of his recent lapses. On the Bitburg fiasco, there is still an inclination to give him the benefit of the doubt, at least as far as his underlying motives are concerned, that is hard to imagine being accorded to his predecessor. President Jimmy Carter in similar circumstances.

There can be no denying the uncharacteristic sloppiness of the preparatory work done by the advance team in Germany headed by the outgoing and recently ill Mr Michael Deaver, who seems to have been unusually off-form and distracted. (Even while it was still on the road, the team managed to get into hot water for cut-price personal purchases of a small fleet of luxury BMWs.)

Now does the affair do well

for Mr Donald Regan, the new White House Chief of Staff and former Treasury Secretary, who brings with him a reputation for shrewdness, tact and assiduity and much less political naivete than his predecessor, Mr James Baker.

Those inclined to be kind to Mr Reagan are excusing him for being new to the job. But there

is little doubt that Mr Baker would have swiftly nipped the Bitburg controversy in the bud. Mr Regan, whose new role in the Administration has been compared to that of a European prime minister, prides himself on having single-handedly replaced three men — the original "white house troika" of Mr Baker, now Secretary of the Treasury, Mr Deaver and Mr Ed Meese, recently installed as Attorney General. Mr Patrick Buchanan, the new White House communications director,

is little where Congress is concerned. The tendency is now less to re-in in Mr Reagan and confront him with political reality, but rather to egg him on in his ideological fervour — for "our brothers" the Nicaraguan rebels.

Even if the mix-up over Bitburg was not originally Mr Reagan's fault, he is not being shielded from its consequences, as is almost certain to have been in his first term. By appearing to fail to grasp the

The President has found himself fighting on three major fronts—MX, the 'Contras' and now the budget

an abrasiv right-wing political commentator is rapidly rising as his *de facto* number two. While Mr Deaver is leaving the Administration, however, Mr Baker and Mr Meese remain in its innermost councils. Still close to Mr Reagan, they have now taken charge of two new, streamlined policy-forming Cabinet councils — Mr Meese's on domestic policy, Mr Baker's on U.S. and international economic policy — which will extend their influence well beyond their specific cabinet responsibilities. Along with Mr Robert McFarlane, the National Security Adviser, they will largely control the flow of policy recommendations to Mr Reagan.

The Bitburg affair, has been less of a policy than a public relations disaster, a question of sensitivity and style. And there seems little doubt that the style of Mr Baker and Mr Buchanan is going to be much less compromising, less "pragmatic" and more confrontational, particu-

larly where Congress is concerned. The tendency is now less to re-in in Mr Reagan and confront him with political reality, but rather to egg him on in his ideological fervour — for "our brothers" the Nicaraguan rebels.

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now the budget — and difficult battles still lie ahead on his Star Wars strategic defence programme, tax reform, economic sanctions against South Africa and, yet again, the MX.

In his first four years, the White House's golden rule was to tackle one issue at a time.

By forcing his MX missile through a reluctant Congress at the end of last month, Mr Reagan used up a crucial issue of political capital. On that issue, moreover, had two trump cards — a divided Democratic opposition and the fortuitous opening of the Geneva arms talks, both of which he exploited to the full. He will not easily repeat his success when the next request for MX funds comes round in a few months time and the initial euphoria over the arms talks will be over.

On Nicaragua, Mr Reagan

had a much more ideologically united Democratic party and a general public which, if it thought about it at all, could not be persuaded that an obscure Central American country of 3m inhabitants could really pose a major security threat to the U.S. This time, again fortuitously, the vote coincided with a much more ominous event — the tenth anniversary of the fall of Saigon — that has been filling the nation's TV screens and newspapers for the past three weeks in a massive outpouring of reminiscence, analysis and self-mortification.

It was not, to put it mildly, the best moment to pitch for American funds for a small group of fighters in a far-off jungle.

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how to keep up the military pressure on the Sandinista government. It will also encourage his opponents in Congress to believe that he can be beaten in the battles that lie

ahead, and re-open the question of his effectiveness as a "lame duck" President.

"Smelling blood in the water," as one commentator graphically put it this week, the sharks will close in for the kill — and a very large piece of prey is at hand.

Mr Reagan's \$52m deficit reduction package, on which voting was due to begin in the Senate last night, is in any case more than usually vulnerable. It contains unpalatable spending cuts for the middle classes, on items like pensions and student loans, and money for defence than many in Congress believe to be necessary, including some of his own Republicans.

Mr Reagan's opponents, however, have consistently made the mistake of underestimating him. His televised appeal to the American people for support for his budget cuts on Wednesday night was a masterly performance that did nothing to suggest that the old magic had suddenly vanished.

Mr Reagan has been through bad patches before — most notably in early 1983, when the media turned savagely on him. His budget policies then, and indeed his whole Administration, appeared to be in chaotic disarray and his approval rating plummeted to 34 per cent. But that was right at the end of what his opponents called the "Reagan recession" — with the economy, his fortunes recovered too.

For the moment, there is little suggest that Mr Reagan has irreparably damaged his standing with the vast mass of Americans who live beyond the Beltway, the ring road that marks the unromantic boundary of political Washington. The latest opinion poll suggests widespread unease over his visit to Bitburg, but not an overpowering sense of national outrage.

In the eyes of countless Americans, Mr Reagan has restored a respect for the presidency, and a pride in the U.S. that they were keen, not lose again. The vast majority will be over. On Nicaragua, Mr Reagan has a much more ideologically united Democratic party and a general public which, if it thought about it at all, could not be persuaded that an obscure Central American country of 3m inhabitants could really pose a major security threat to the U.S. This time, again fortuitously, the vote coincided with a much more ominous event — the tenth anniversary of the fall of Saigon — that has been filling the nation's TV screens and newspapers for the past three weeks in a massive outpouring of reminiscence, analysis and self-mortification.

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Robbery, says Yarrow

We get plenty of sympathy, but we would rather have cash," says Sir Eric Yarrow wistfully. He has stepped down as chairman of Yarrow this week on reaching 65.

The company, which lost its naval shipyard on the Clyde to state ownership in 1977, is still involved in the clash with the Government over compensation.

Sir Eric will be in Strasbourg in late June to hear what the European Court of Human Rights has to say about the Yarrow yard and other nationalised assets. Yarrow got £5m last year, which was independently valued at the time at £17.5m. It has just been sold to GEC for £34m.

Sir Eric, who has just become chairman of Clydesdale Bank, will continue to be involved with Yarrow as president of the business — which is now involved in marine engineering contracts and control systems.

But his reign now ends 120

years of family chairman of the company, which was founded by his grandfather Alfred Yarrow.

The new chairman, Teddy Boyd, will be only the fourth in the company's history.

"It is nice to be leaving with the share price at an all-time high," says Sir Eric. It stands at 100p, up from 80p when he took over.

He does not, however, begin to outweigh the benefits. As it is, it looks as though the industry will need to lose about 40,000 men through voluntary redundancy — a pretty ambitious target.

I would be wrong to set too great store on achieving a financial breakthrough, says Sir Eric.

It is more important that the Government continues to allow the unrestricted import of foreign coal, that the CECB is not forced to pay above world prices and that the NCB gets on with restructuring the industry.

Provided the industry makes a loss in 1987/88 it will be for the right reasons. This would be preferable to a profit for the wrong reasons.

Men and Matters

whether it's your wallet, your house, or your business."

Warsaw Concerto

The flags are up and the programme is right as Warsaw prepares to host the East bloc summit designed to extend the military treaty which bears the name of the Polish capital.

The signing will take place, as it did in 1955, beneath the chandeliers in the Council of Ministers' building which once belonged to the Radziwills.

Outside, as if to spite the blue-clad police station, it is going every few yards with orders to guard against surprises.

As the wind tore at a sign proclaiming "Long Live the Warsaw Pact, A Fraternal Alliance in Defence of Peace" which had been strung right across the street.

For a good half-hour before it was rescued by a diligent agitprop group, the sign sagged slowly, causing the red cloth and pulling down the message in what might have been seen as a political gesture.

In another gesture directed this time against the Western Press, the normally welcoming Polish official Press centre has been divided into two, with Western correspondents excluded from the bit containing the bar.

The Westerners have been banished to a barren conference room, told firmly that no briefings will be

MRS THATCHER'S Government is no longer obviously winning the intellectual argument. The Tories came to power in 1979 to restore incentives, promote enterprise, cut subsidies and thereby reduce unemployment. Yet as Lord Blake, the Conservative historian, has written:

"The spirit of the age does not last for ever. It is beginning to look as if the spirit may be changing. Not only has unemployment continued to rise; it is also running out before the next general election."

The two, remarkably convergent opinion polls published yesterday—Gallup in the *Daily Telegraph* and Marplan in the *Guardian*—suggest that the Government is far from sitting pretty. Gallup gives the Tories 34 per cent, Labour 37½ per cent and the Alliance 26½ per cent. The Marplan figures are: Tories 33 per cent, Labour 38 per cent and Alliance 28 per cent.

Add Labour and Alliance support together, and there is a very significant anti-Government majority: more, more so than at the general election in 1983.

The Government also has a formidable number of problems on its plate. Local government reform rumbles on, possibly creating more problems than it solves. The exchange rate is still a commodity: sometimes too high, sometimes too low, and no one knowing how to control it. The dispute with the teachers shows that all is not well in the schools, something which must ultimately affect the way children perform. And unemployment is as bad as ever. It would be rash to assume that the Tories will automatically recover.

True, much the same was said in 1981, yet the Government came back to win hands down in 1983. But the difference is that this is the second term. The Government can no longer rely on the benefit of the doubt if its policies are seen not to be working.

Such thoughts are prompted by the launching of the Employment Institute and some of the reactions to it. There was one particularly temperate letter in *The Times* on Tuesday from Lord Bauer. It ran in full:

"Three former Prime Ministers are the patrons of the newly-formed economic policy group: Lord Wilson of Rievaulx, Mr Callaghan and Mr Heath."

"Between them, they unleashed the forces behind the greatest peace-time inflation in Britain since the 16th century at least."

It should not take a moment to remember that Mr Callaghan, when he was Prime Minister, presided over a period of considerable economic instability. To be sure, he made mistakes. He should have ignored the Scottish devolution question and gone to the country

Politics Today

Going the way of Sir Robert Peel

By Malcolm Rutherford

around March 1978. He pitched the pay norm at 5 per cent—too low for the unions to stomach, further delayed the election and then ran into the winter of discontent.

Yet it is unhistorical to write him off in the way that Lord Bauer has done. Mr Callaghan did succeed in controlling public expenditure and reducing inflation. He did it partly by seeking co-operation with the unions: a fashion that could come back.

The Employment Institute, however, has pretensions of its own. Nothing is more striking in its publicity literature than its claim that the Charter for Jobs campaign will be like the Anti-Corn Law League of the 1840s.

For a start, the aims of the League were relatively simple. They were to repeal particular legislation. There is no single law or group of laws on the statute book today which the Employment Institute wants repealed to create jobs. If there were, the Government would probably have repealed them already, though it is having difficulty with its own rules in getting rid of the Wages Councils.

Again, the repeal of the corn laws split the Tory Party. One of the laws were out of the way, with the help of the Whigs.

In the House of Lords, Sir Robert Peel had no more function as Tory leader. He had gone against his party, and divided it. As he said in his final speech when his government resigned, he would leave his office "censured by those who,

on public grounds, valued party loyalty and party connection, censured by those who genuinely believed in the principles of protection, and execrated by every selfish monarchist."

Yet there is one supreme irony in the corn law comparison. Mrs Thatcher and Sir Robert Peel have a lot in common. If Mrs Thatcher splits the Tory Party, it will not be by changing her policies but by sticking to them.

It is interesting to note in passing that some of her closest ministers, such as Leon Brittan, the Home Secretary, have been trying to build up a new party, too. Lord Blair, the founder of modern Toryism, was the outsider, difficult to get on with, not a conventional member of the establishment, not given to bland phrases about "one nation," who knew what he wanted to do and did it.

There are other parallels between the 1840s and now. The decade saw not only the Anti-Corn-Law League, but also Chartism which attacked the mill-owners and industrialists as the former attacked the landowners. There was a good deal of talk about the condition of England after the revolution. It is possible to govern the country, Professor Norman Gash, wrote that "few governments in the nineteenth century took office in circumstances as discouraging as those of 1841."

Yet what comes home most in drawing comparisons is the way British politics have been so frequently in a state of flux. That is the pattern rather than the exception. People were always changing parties. Gladstone was once a Tory. Disraeli's history might have been quite different if Peel had given him office.

Parties changed policies, too. Lord Blake notes that in the 1820s it was by no means self-evident which of the two big parties would go for reform. So much depended on personalities and who got on with whom.

When the Tories split after the repeal of the corn laws there were arguments in the House of Commons over where the various factions should sit, just as happened with the Alliance this week. It is a myth that Parliament is essentially a two-party place. Only the Government, too, wants to bring unemployment down.

What is happening now is that the country is going through one of those long periods of political realignment where personalities as much as anything play a major part. Probably there is much more consensus than meets the eye, yet neither the divisions nor the agreements are accurately reflected in party politics.

There are perhaps two rules of thumb: party splits take a long time to heal and a new party takes a long time to emerge. The Tory Party took years to recover from the divisions after the repeal of the corn laws. So did the Labour Party after the split of 1881.

The Liberal Party never got over the split between Asquith and Lloyd George. Equally something new does not develop overnight or even between one general election and another, as Dr David Owen is finding with the Social Democrats.

At the same time, the divisions between the parties may not be nearly as wide as they sometimes appear. It is not really surprising that Lord Wilson, Mr Callaghan and Mr Heath should put their names to the same charter for jobs. They are, after all, facing the same problems. It is not surprising either that the Employers' Institute should be advocating measures to improve the mobility of the labour market, some of which the Government is already undertaking.

The Government, too, wants to bring unemployment down. What is happening now is that the country is going through one of those long periods of political realignment where personalities as much as anything play a major part.

Probably there is much more consensus than meets the eye, yet neither the divisions nor the agreements are accurately reflected in party politics. Mrs Thatcher is a dominant figure. No one in her own party is ready to contest her leadership. Yet if the Tories were to lose the next general election, one would not give much for Tory unity. The inquest would be at least as savage as

anything that has happened in the Labour Party or after the repeal of the corn laws.

Quite the best argument that the Tories could put, and sometimes do put, is that at least the political ground will have changed. Certainly the Social Democrats, but also Labour, have moved a long way in the direction of market economics. There will be no going back to that path.

Yet the warning signal to the Government must be that the spirit of the age is changing. There may be something wrong with a system which shows 60 per cent of the electorate against the government of the day. But it is the system that we live with and it can throw up some very funny results. Being much canvassed at the moment, for instance, is the coalition between the Conservatives and the Liberal and the left-wing of the Labour and the right-wing of the Liberal.

For a start, the big clearing banks made a handsome profit in the UK last year despite all the bullets that were supposed to be whizzing round their heads. Not that these profits were excessive—just surprisingly good for an industry that likes to describe itself as efficient.

The loan market seems to have been particularly comfortable, with the finance houses and credit card companies able to charge impressively high rates of interest to consumer borrowers: 27 to 30 per cent, which is more than twice their cost of funds and five times the rate of inflation. Barclays' profits last year were up 50 per cent.

Would building societies be able to indulge in their curious practice of charging higher rates for big loans, or insurance companies take a whole bite, particularly with the arrival of more foreign competition, and further deregulation of the financial services market. The bad, at least for financial institutions, is that the temperature in the marketplace has still some way to climb. Many of them could suffer as the growth of the market slows and the consumer becomes more discriminating.

Lombard

A not-so-fierce banking battle

By David Lascelles



'A pleasant situation!'—facing two dangerous animals Nov. (1842). Peel between the snapping crocodile of the anti-Corn Law League and the crouched lion of the agricultural interest, brandishing his new tariff in the other. (Cartoon of the time)

WE HEAR a lot these days about the intense competition that is developing in the UK business financial services industry. Banks, building societies and insurance companies like to use words like "battle-ground" and "gunsmoke" to evoke the war-like atmosphere of their markets as they fight for the saver's pound, the company loan or whatever it is they have to offer.

By almost any measure, the returns that British banks obtained on their UK business last year were substantially higher than those they got abroad. These comparisons can be misleading because the banker's foreign business tends to be whitespace with big economies of scale—and the domestic business rather the opposite. But the international arena is where the blast of competition blows strongest and it must provide a clue about profit margins.

Lloyds Bank provides a detailed comparison between its domestic and international business in its annual report which is quite revealing. It earned £1.2m net interest income for every £1 of assets on its foreign business, but nearly three times that much, £3.65m, in the UK. Other operations income amounted to less than £1 abroad, and over £2 in the UK.

This is not a reason for condemning Lloyds or any of the other banks: this is what the UK market will be like. British consumers of financial services may be partly to blame for being insufficiently demanding) then they should go for it.

The more disturbing truth may be that the huge growth in the UK loan market (up by over 20 per cent a year since 1982) has shielded institutions from the full force of the competition. If so, there is both good news and bad on the way.

The good is that consumers of financial services can probably look forward to further market improvements in service and borrowing costs as competition really begins to bite, particularly with the arrival of more foreign competition, and further deregulation of the financial services market. The bad, at least for financial institutions, is that the temperature in the marketplace has still some way to climb.

Many of them could suffer as the growth of the market slows and the consumer becomes more discriminating.

Power needs for Star Wars

From Drs L. Allen and N. Dombey

Sir.—For a balanced picture of present US technology on "Star Wars" it is important to include some scientific and arms control qualifications. As physicists concerned with these matters we should like to take up several aspects.

It would be much simpler to build a laser particle beam generator on the ground rather than sending it into orbit. But the earth's atmosphere plays a crucial role. A neutral particle beam of, say, 200m electron-volts will rapidly lose electrons on collision with atoms of air and become a charged particle beam within a few centimetres. This will cause the beam to diverge on account of the mutual repulsion between the positively-charged atoms and the beam will not then focus on the target. The beam would become bent because of the interaction of the charged particles with the earth's magnetic field. Hence a neutral particle beam must be speeded above the atmosphere with the consequent difficulties and expense involved.

The problem is not eased by the use of lasers. Laser light travelling through the atmosphere is both absorbed and scattered. Most powerful lasers are in the infra-red, yet infrared light loses half its intensity within 4km in perfect conditions and within a few metres in cloud or fog. Air heated by the passage of laser light expands causing a variation in air density and this perturbs the beam, defocusing and diverging the light and misdirecting it. Even above the atmosphere where such problems do not occur there remains the severe technical problem of power requirements. To achieve the energy needed to crack the metal shell of a rocket after allowing for the beam divergence and the metal's ability to absorb the energy, it has been estimated that a laser would require a power 1,000 times that of a good sized power station. Such lasers do not exist.

The power requirement could be overcome by using an H-bomb to power an X-ray laser. Tentative results from the US nuclear weapon laboratories suggest that X-ray lasers pumped by nuclear explosion have already been tested. Their possible use in "Star Wars" would necessitate that they be sited in space as X-rays are strongly absorbed by the atmosphere.

From the arms control viewpoint research along these lines is very disturbing. Tests of space-based X-ray laser systems involving the explosion of an H-bomb would naturally be needed at some stage. Yet such tests would not only violate the Anti-ballistic Missile Treaty

and productive input of professional engineers!

Gordon C. Clifton,
11, Littlefield Close,
Ash, Surrey

Nuclear industry goes to earth

From Mr J. Nichols

Sir.—Brans Radovic's illustration (April 19) of the interlocking of major contracts for Sizewell B's nuclear power station leaves two jigsaw pieces missing.

I suspect the reason for this is that the designer was not quite sure which of the two fields of winter wheat behind my house is going to be used for the extraction of gravel to make the concrete. If he would like to complete the picture, the gap on the left is the field next to the primary school and the church in the centre of Holton St Peter and the one on the right is the field adjacent which because of the rise in the land will be less visible from the village street.

To complete the illustration there should be a drawing of the old car bodies, rusting corrugated iron sheds and rotting timber that will fill the space left after the rape of the cornfields.

I believe the probability of a nuclear mishap at the Sizewell B site is remote but there is a greater probability, albeit remote, of a nuclear accident, that the building of the nuclear station will bring disaster to, if not Holton St Peter, then some other small Suffolk village.

J. W. L. Nichols,
Mill House,
Holton St Peter,
Halesworth, Suffolk

Engineers and wealth

From Mr G. Clifton

Sir.—Your article (April 22) concerning the salaries and shortage of newly qualified accountants highlights an interesting feature in Britain's continuing economic decline in manufacturing.

What our document actually said is that the City is one of our international winners but it is subject to fierce international competition. Thus within the context of preserving the national heritage in the Corporation's use of its planning powers should be to facilitate the development and redevelopment of premises that will meet the requirements of its financial industry. We did not consider that the City Corporation understood these requirements nor that its draft plan aimed to support them.

We argued that the Corporation's conservation policies are indiscriminate and that its special area policies are necessary. We said that the City is an office location for national and international financial services where manufacturers and wholesaling have little if any place. Most importantly we said

such a great demand for accountants, particularly at relatively high salaries? What do accountants bring to the wealth creation process that is valued so much more than the creative

My flight, with wife and friends, to Malaga, was not back nine hours, from 8.00 am to 6.00 pm, an effective loss of a day, on a seven-hour break without a prior word of explanation, let alone of apology?

Redress? Not on your polka-dot bikini! Refer to the small print of the "fair trading charter" in Thomson's "a la carte" brochure (some nice ironies there) and you will learn that this is not a major change: that would require 12 hours!

Nothing the poor punter can

do, I fear, but other sunseeking readers—be warned!

Brian H. Dean,
Cobblestone House,
Heacombe, Survey

ADVERTISEMENT

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The "Internationalization" of Japanese industries over the last three decades has meant profound changes not only for the markets they enter, but also for the way these companies view themselves and do business. No one can afford to ignore the success of Japan. The decisions and actions of Japanese businessmen now have repercussions around the world.

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...AND WHAT YOU SHOULD KNOW ABOUT THEM?

Starting on May 2, the Financial Times will be publishing a series of advertisements highlighting the discussions between a number of Japanese industrialists and Richard C. Hanson, a freelance journalist with over 10 years experience in Japan.

Under the theme of "Focus on Overseas Investment and Capital Export", the Presidents or Senior Executives of leading Japanese companies will frankly discuss the management of their operations abroad and their moves towards total internationalisation.



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FINANCIAL TIMES

Friday April 26 1985

BELL'S
SCOTCH WHISKY
BELL'S

EEC DEAL ON FARM SPENDING FACES FIERCE OPPOSITION

British payout falls to Ecu 75m

BY QUENTIN PEEL IN BRUSSELS

THE NET cost to Britain of almost Ecu 2bn (\$1.46bn) in extra EEC farm spending this year is likely to be no more than Ecu 75m, due to the budget deal agreed at last year's Fontainebleau summit.

That is the calculation made by officials in Brussels, after taking into account both payments back to British farmers and the two-thirds reduction in net contributions provided for at Fontainebleau.

However, the British budget deal is still likely to run into fierce objections in the European Parliament, and possibly in individual national parliaments, before it is finally enshrined in EEC regulations.

The 1985 budget approved this week by EEC budget ministers in Luxembourg increases agricultural spending again; last year's draft by Ecu 1.955bn to Ecu 19.955bn, out of a total expenditure of Ecu 27.93bn. It requires increased contributions from the member states of Ecu 1.98bn on top of their regular contributions to the Community's so-called "own resources".

Britain's share of the budget is some 21.6 per cent, or almost

VAT payments* to 1986 EEC budget before and after British rebate (millions of Ecu's)		
	before British rebate	after British rebate
Belgium	595	594.5
Denmark	312	342.55
W. Germany	4,450	4,693.94
Greece	233	263.94
France	3,450	3,788.25
Ireland	135	148.89
Italy	2,235	2,507.65
Luxembourg	40	43.92
Netherlands	750.5	824.06
UK	3,300	2,300

* VAT payments for all except Greece, which makes a comparable financial contribution.

Ecu 430m, which will have to be approved by London. However, Britain's normal share of spending from the Common Agricultural Policy (CAP) is between 10 and 11 per cent, so up to Ecu 215m can be expected to be paid back to British farmers in the European Parliament is scheduled for May 7.

Warning of new loan write-offs at Crocker

By David Lascelles in London

MIDLAND BANK warned last night that Crocker National Bank, its problem-plagued California subsidiary, might have to write off more bad loans this year.

Crocker says it is too soon to say what Crocker's results will be this year. But it does expect "that earnings will remain depressed so long as Crocker's portfolio of non-performing assets remains at current levels."

The circular to shareholders says: "Given the uncertain economic environment in which many of Crocker's customers operate both in the U.S. and overseas, there is the possibility of additional write-offs and loan losses."

Crocker made a loss of \$10m in 1983 and a further loss of \$324m last year because of problem loans to farmers and residential developers. In the first quarter of this year, it made a profit of \$1m after providing another \$25m for loan losses.

The circular seeks approval from Midland shareholders for its plan, announced last year, to buy the 43 per cent of Crocker which it does not own. Sir Donald Barron, chairman, says in a covering letter that "as long as minority interests are outstanding, it will not be possible to achieve the necessary degree of control and integration of Crocker's activities within the Midland Group."

The circular says that Midland is confident that Crocker will, under full ownership, "make a satisfactory contribution to Midland Group profits." It also talks of the "significant operational and commercial advantages" to Midland and Crocker of integrating common activities and consolidating their strategic objectives.

Midland eventually will integrate some of the two banks' international, merchant banking and capital markets activities and parts of other Crocker wholesale operations, although they should not affect Crocker's ability to deliver a full range of financial services. Midland says:

Management is studying ways of achieving the integration, which will leave some of the combined operations in Crocker and some in Midland. The main aim of the changes will be to improve Crocker's strength and profitability and raise the effectiveness of the Midland group as a whole.

Midland also hopes to achieve cost savings and may alter the composition of some board committees to reflect its greater control.

Midland is financing the acquisition of the Crocker minority by issuing up to \$247m of Crocker cumulative, adjustable rate preferred stock.

Warsaw Pact nations to renew alliance for another 20 years

BY CHRISTOPHER BOBINSKI IN WARSAW AND DAVID BUCHAN IN LONDON

LEADERS of the seven Warsaw Pact countries, including Mr Mikhail Gorbachev, on his first foreign trip since becoming Soviet party leader, gathered yesterday in the Polish capital for ceremonies to renew the Eastern bloc's military alliance which expires next month.

Today they are expected to extend the Warsaw treaty for a further 20 years, until the year 2003, with an option to renew it then for a further 10 years. This is a precise repeat of the formula that the Soviet Union and its six smaller allies - Poland, Czechoslovakia, Hungary, East Germany, Romania and Bulgaria - agreed on when they set up the Warsaw Pact in 1955.

No change is to be made in the terms of the treaty, which is likely to be renewed at the same venue, the old Radziwill Palace in Warsaw, where it was first signed. But for security reasons connected with Mr Gorbachev's arrival the Polish authorities have given no advance details of the signing ceremonies.

President Gustav Husak of Czechoslovakia and President Nicolae Ceausescu of Romania were the first to arrive yesterday at the head of teams which included their respective premiers, foreign and defence ministers. General Wojciech Jaruzelski, the Polish party and government leader, was at the airport to meet the visitors as they flew in at half-hourly intervals.

The general, in an uncharacteristic touch all the more surprising because of the military nature of the occasion, was not in uniform, reflecting the fact that his allies still feel uncomfortable faced with a soldier at the head of a Communist party.

The Polish press yesterday reminded its readers that such summits in the past had been accompanied by peace proposals of one kind or another and hinted that the present occasion would also provide "new impulses" in this direction.

The Soviet Union has already made public the thrust of its main proposals at the Geneva disarmament negotiations with the U.S. But the Warsaw Pact has at many of its past summits declared its willingness to dissolve itself if NATO would simultaneously do the same, and this offer may be repeated this week.

Romania, the maverick alliance member which has taken itself out of the pact's integrated military structure, initially sought a shorter renewal of the treaty, for only five years. Later it accepted the same extension as the other pact allies, provided the proposal for mutual dissolution of the two military blocks was stressed again.

Veterans meet again at the Elbe

BY LESLIE COLITT IN TORGAU

IN A MESSAGE to American and Soviet veterans gathered in Torgau for the 40th anniversary of their allies' link-up at the Elbe river, Mr Mikhail Gorbachev, the Soviet leader, said co-operation between the wartime allies could become a powerful factor for improving the international climate.

American and British officials, however, boycotted the reunion in protest over last month's shooting by a Soviet guard of a U.S. army major in East Germany.

The meeting in Torgau of hundreds of American, British, Soviet and French ex-servicemen and thousands of Torgauers began with wreath-laying ceremonies at the Soviet war memorial, followed by the playing of the Soviet, U.S. and East German anthems.

A Soviet veteran, Mr Alexander Gordiyev, recalled that his country-

men and the Americans had sworn an oath at the time that they would promote friendship between their peoples so that there would "never again be a war."

Mr William Beswick, an American veteran, was the only speaker to note that they were also remembering the German soldiers who had died in the war. Another elderly American drew applause when he read out messages of greetings to the Torgau meeting from former presidents Richard Nixon and Jimmy Carter.

Murmurs went through the crowd when the founder of the West German Greens party, Frau Petra Kelly, placed a wreath at the Torgau monument carrying the words "Swords into Ploughshares." An emblem with these words was banned in East Germany for several years.

Dr William Robertson of Culver City, California, who was a lieutenant in the U.S. 89th infantry division, recalled that the link-up took place after he raised the American flag over an apothecary's shop in Torgau. He crossed the Elbe and was hugged by Captain Alexander Silivashko of the Soviet army's 56th guards division.

The official Soviet and American accounts note that the actual first meeting of the two armies took place at the nearby village of Clanschwitz, but Torgau became the scene of a rollicking banquet the next day hosted by the Red Army.

The American and British veterans are to travel on to the Soviet Union where they will take part in anniversary celebrations in Leningrad, Volgograd (formerly Stalingrad) and Moscow.

Procter to give up logo

Continued from Page 1

reached a peak generating 15,000 calls a month to the company's consumer services department, Procter went on the offensive.

It denounced what "malicious and totally false" enlisted the support of church leaders including the Rev Jerry Falwell, leader of the Moral Majority, hired two detective agencies to trace the perpetrators, filed six suits against people for spreading the rumours and last week set up a toll-free telephone number to handle anxious customer inquiries.

Nevertheless the rumours continued.

Central bank signals cut in French interest rates

BY PAUL BETTS IN PARIS

THE BANQUE de France reduced its intervention rate yesterday in a move signalling a further easing in interest rates.

The central bank cut its intervention rate - the rate at which it buys government and first class commercial paper from the banking system - by 4 point to 10% per cent. The intervention rate had fallen from 12 per cent in May last year to 10% per cent at the beginning of this year.

The latest cut is expected to be followed by a new round of cuts in the base lending rates of French commercial banks. Base lending rates were last reduced by 1/2 point to 11% per cent in January.

M. Pierre Bérégovoy, Finance Minister, has been pressing for lower interest rates to help stimulate investment and business activity

at a time when the franc continues to perform in a stable fashion against other European Monetary System currencies.

But in his annual report to President François Mitterrand, M. Michel Camdessus, the governor of the Banque de France, warned that, although inflation was receding and the framework had been performing adequately, it was still vital for France to eliminate the 1.9 per cent inflation differential with its major trading partners.

Apart from the inflation differential, M. Camdessus urged for further efforts to strengthen the country's balance of payments, combat unemployment and tackle the problems of France's traditional industries.

Markets, Section III

French growth of 1% forecast

Continued from Page 1

In purely French terms, however, M. Laurent Fabius, the Prime Minister, believes that a pre-electoral boost to growth would now do the Socialists more harm than good. It would damage their claims of prudent long-term management of the economy and be likely to result in pressure on the franc.

None the less, M. Fabius will be under pressure from his own party to relax a bit in the 1986 budget, which has to be put before the Na-

tional Assembly by the end of September. The provisional budget guidelines provide for continuing expenditure cuts to make room for a small reduction in taxation and to hold down the budget deficit.

The Insee forecasts continue to show a stagnant picture for productive investment in the economy. Fixed capital investment is expected to decline by 0.5 per cent in real terms this year after a 2.8 per cent decline in 1984.

Nevertheless the Insee forecast

Austrian tax reform aims to encourage investment

By Patrick Blum in Vienna

DR FRANZ VRANTZKY, the Austrian Finance Minister, yesterday unveiled the first part of a long-awaited tax reform designed to establish better financing structures for private industry and encourage private investment.

The budget committee rejected

the council's decision simply to ignore estimates of an Ecu 417m defi-

cit for the budget gap before the European Parliament has consid-

ered it - and before the EEC farm

ministers have agreed on farm

prices for the coming year.

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INTERNATIONAL COMPANIES AND FINANCE

N. AMERICAN QUARTERLY RESULTS

A. M. ROBBINS		RALSTON PURINA		STERLING DRUG	
Drugs, consumer products		Restaurants, pet foods		Pharmaceuticals	
First quarter	1985	1984	\$	\$	
Revenue	185.4m	158.4m			
Op. net profit	21.2m	15.8m			
Op. net per share	0.37	0.33			
COOPER INDUSTRIES					
Compression, drilling eqpt.					
First quarter	1985	1984	\$	\$	
Revenue	425.5m	464.5m			
Net profit	17.8m	19.2m			
Net per share	0.32	0.25			
DAMCO					
Vehicle parts					
First quarter	1985	1984	\$	\$	
Revenue	90.6m	97.7m			
Net profit	40.8m	45.2m			
Net per share	0.67	0.85			
MOLYBDEUM					
Holds					
First quarter	1985	1984	\$	\$	
Revenue	428.0m	402.5m			
Net profit	33.7m	26.2m			
Net per share	1.05	0.69			
LOTUS DEVELOPMENT					
Computer software					
First quarter	1985	1984	\$	\$	
Revenue	44.7m	28.3m			
Net profit	9.8m	7.5m			
Net per share	0.51	0.47			
OLIN CORPORATION					
Chemicals, metals, paper					
First quarter	1985	1984	\$	\$	
Revenue	540.9m	525.5m			
Net profit	18.5m	27.2m			
Net per share	0.65	1.14			
PENN CENTRAL					
Electronics, telecom equipment					
First quarter	1985	1984	\$	\$	
Revenue	67.6m	63.1m			
Net profit	14.7m	35.8m			
Net per share	1.12	0.75			
PRIME COMPUTER					
Small and medium computers					
First quarter	1985	1984	\$	\$	
Revenue	175.8m	145.4m			
Net profit	12.2m	10.8m			
Net per share	0.25	0.21			

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

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Issue Price 100 per cent.

17th April, 1985

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Credit Suisse First Boston Limited
Deutsche Bank Aktiengesellschaft
IBJ International Limited
Merrill Lynch Capital Markets
Morgan Guaranty Ltd
The Nikko Securities Co., (Europe) Ltd.
Smith Barney, Harris Upham & Co., Incorporated
Société Générale de Banque S.A.
Union Bank of Switzerland (Securities) Limited
Yamichi International (Europe) Limited

Abu Dhabi Investment Company

Al-Mal Group

Anre International Limited

Arab Banking Corporation (ABC)

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Jilka Bank International Limited

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Bank Leu International Ltd

Bank J. Vostobel & Co. AG

Banque Bruxelles Lambert S.A.

Banque Francaise du Commerce Exterieur

Banque de Neufchâtel, Schlumberger, Mallet

Banque Paribas Capital Markets

Banque Populaire Suisse SA Luxembourg

Banque Worms

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Berliner Handels- und Frankfurter Bank

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Chemical Bank International Group

Chicory Capital Markets Group

Commercial Bankers Association

Compagnie de Banque et d'Investissements, CII

Credit Commercial de France

Credit Lyonnais

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Yamatane Securities (Europe) Ltd.

Zurich Financial Services

Special gains boost Akzo first quarter earnings

By David Housego in Paris

Akzo, the Dutch chemicals, pharmaceuticals and fibres group, reports good profits progress for the first quarter of 1985.

Sales improved by 12 per cent to Ff 4.7bn (\$1.3bn) and net profits rose to Ff 256.1m from Ff 199.5m in the first quarter of 1984. Per share profits are Ff 1.50, against Ff 1.05.

As with Saclor, the other nationalised steel group, Usinor's losses were inflated by heavy exceptional provisions due to rationalisation plans and cuts in the workforce. Provisions rose from Ff 636m in 1983 to Ff 942.3m last year.

These losses coupled with the announcement this week that Renault had lost FF 12.55m, means that the total deficit for the nationalised sector in 1984 came to about FF 25.8m, compared with FF 18.5m in 1983.

The group made a best-ever profit of Ff 1.750m for 1984 as a whole, and increased its dividend by 50 per cent to Ff 6

a share. Last month it forecast at least maintained profits for 1985.

INTERNATIONAL COMPANIES and FINANCE

London Sumatra needs local backer

ENTERING THE offices of London Sumatra Plantations Company in the Indonesian city of Medan is like walking into the colonial past. The pillars of the building are Aberdeen granite, brought out as ballast in the old trading ships. The lift has heavy sliding gates. Mr Geoff Browne, the chairman, sits drinking Bovril in his office.

But there the old-fashioned image fades. London Sumatra is an up-to-date financial operator, attuned to the often erratic prices of its plantation commodities around the world, and part of the large and profitable foreign presence in the rapidly expanding Indonesian plantations sector.

Formed in 1962, London Sumatra and its five associated companies are wholly owned by Harrisons and Crosfield of the UK. The plantations, chemicals and trading group which has been involved in tropical agriculture since the early 19th century. For 1984 H and C's forecast pre-tax profits of \$22m (\$100m), an increase of 45 per cent on the 1983 figure. London Sumatra is believed to have made a substantial contribution—in 1983 this reached £13m, a 150 per cent increase on the previous year. Further, if all is spectacular, gains are expected to be announced for 1984.

The foundation of London Sumatra's good fortunes over the past three years has been the rocketing prices for its palm oil. Tea has been another big money earner. The company now aims to have a 40/40 split in a few years between rubber and the more profitable

palm oil, the remainder being given over to other crops.

London Sumatra does have its problems, however, as it confronts the reality that the days of full foreign ownership are fast passing. Amid the turmoil of the later years of President Sukarno the company was forced in 1964, along with many other foreign concerns, to leave Indonesia. When it returned

partners. "They at least are fairly predictable," said one planter.

Socfin, the Belgian plantations group has no such problems. Like London Sumatra, it was also forced to leave Indonesia in the mid-1960s but it chose to go into partnership with the government when it returned, retaining 60 per cent of the equity of its local com-

pany, P. T. Socfindo. Judging by recent profit figures, the arrangement has prospered. In 1983 Socfindo made a pre-tax profit of \$14.7m. Last year that leapt to more than \$43m. Palm oil, to which most of Socfindo's 47,000 hectares (116,000 acres) is given over, again accounted for the bulk of the gains.

It also has a refinery producing stearin (for margarine and soap manufacture) and palm oil. The palm oil company has quantities of crude palm oil to both domestic and foreign markets, refining is the main moneymaker in the business and more than 70 per cent of Socfindo's profits in 1984 came from its refining operations.

But London Sumatra has to have sizeable Indonesian participation to ensure future funds. It cannot undertake expansion plans until this is carried out. The company is at the moment being recruited. One possibility is that the government might come in as

Foreign companies require local participation to ensure their survival in Indonesia, particularly in the rapidly expanding plantations sector. Kieran Cooke in Jakarta reports

four years later London Sumatra continued under full foreign ownership. Such a policy is no longer popular in Indonesia.

Negotiations with the government on renewing land leases start in 1988 and the authorities will be insisting on some form of local participation. Going public in Indonesia at present is not an attractive proposition with its high interest rates, stiffing funds from the foreign Jakarta stock market. Finding a suitable local partner is very hard; also under Indonesian law foreigners cannot hold land title and a company risks a great deal if arguments occur.

But London Sumatra has to have sizeable Indonesian participation to ensure future funds. It cannot undertake expansion plans until this is carried out. The company is at the moment being recruited. One possibility is that the government might come in as

partner. "When profits are that big, then is the time to worry." Already, there are calls for greater Indonesian control over the company.

Liem Sioe Liong, the powerful Chinese-Indonesian business tycoon, is reported to be pressuring the government to allow him to buy into the company. Mr Vladimir Dell, Socfindo's managing director, who is flamboyant Belgian of Russian ancestry and has been in Indonesia for more than 35 years, knows that changes are on the way. But contributing as it does large amounts to government coffers, Socfindo is at least in a good bargaining position.

The City of London—the traditional financial engine of the plantations business since the turn of the century—is obviously bullish about prospects in the Indonesian plantation sector. Three companies already heavily involved in Indonesia—the Anglo Indo-

nesia and General Investment, and Rea Holdings—have joined together to develop up to 30,000 hectares of land in Sumatra over the next 10 years.

To do this, they have floated a new company called Anglo Eastern and hope to raise more than \$7m to clear and plant land with oil palm. The Government, which controls 80 per cent of the plantation business, has been encouraging such investments. Significantly, the plantation sector and agriculture in general were two of the main topics discussed between President Suharto and Mrs Margaret Thatcher during her recent visit to Indonesia.

With other plantations taken over or closed down, Socfin's operations in Malaysia and Indonesia have become vital to the overall health of the company. But there are signs that not everyone is happy with Socfindo's performance. As one

Mitsukoshi extends trading recovery

By Our Financial Staff

MITSUBOSHI, Japan's leading store group, continued its trading recovery last year as benefit showed through from a tough programme of asset disposals and management reshape.

The prestige group yesterday reported a turnaround into pre-tax profits of Y2.08bn (\$8.3m) for the parent company in 1984, against losses which the previous year reached Y9.5bn. This was achieved on sales just 3 per cent ahead of Y63.93bn, and the performance reflects the success of moves to reduce debt.

However, at the net level earnings stood at just Y25.7m, compared with the Y5.68bn positive attributable result for 1983, a year in which the sale of its Kobe store and other assets brought a Y14.9bn extraordinary credit.

Earnings per share were thus Y0.59 against Y13.09, but the dividend is being maintained at Y6 a share.

Mitsukoshi forecast a recovery this year in net profits to Y1.7bn or Y6bn pre-tax. It said it had saved Y2.1bn in 1984 through staff cuts and lower marketing and administration costs.

RUFs catch on in Singapore

By CHRIS SHERWELL IN SINGAPORE

THE REVOLVING underwriting facility (RUF), a hybrid form of financing which allows medium-term borrowing at more advantageous short-term rates, appears to be catching on in Singapore.

In the short space of five months since they first appeared, a total of nine have been arranged, at least one more is in the pipeline. Of the nine, five have been denominated in U.S. dollars (total value US\$200m) and three in Singapore dollars (\$818m). The ninth was in European currency units (Ecu 50m).

The first RUF, in November

last year, was \$100m (£54.2m) for Keppel Shipyard, a government-controlled corporation. Since then, facilities have been arranged for such non-Singaporean borrowers as Adelaide Steamship (US\$80m) and Citicorp Capital Markets Group Australia (US\$10m) as well as for several Singapore companies—Neptune Orient Lines (US\$50m), Chuan Hup Marine (US\$50m), Elders Pica (US\$30m) and Sime Darby (US\$20m).

The latest RUF is for Artus Corporation, a subsidiary of Japan's Minebea (formerly Nippon Miniature Bearing), and is for \$80m.

JAPANESE RESULTS

ASAHI GLASS		CHUGAI PHARMACEUTICAL DRUGS		MAKITA ELECTRIC WORKS POWER TOOLS	
Year to	Dec '84	Dec '84	Year to	Feb '85	Feb '84
Revenues (bn)	72	51	Revenues (bn)	100	91
Pre-tax profits (bn)	6.70	4.75	Pre-tax profits (bn)	8.55	4.97
Net profits (bn)	29.22	23.08	Net profits (bn)	8.58	6.51
Net per share	28.25	22.29	Net per share	72.5	55.1
CONSOLIDATED		CONSOLIDATED		CONSOLIDATED	
BRIDGESTONE TYRES		KAO DETERGENTS		RENTOKIL INDUSTRIAL PREFABRICATED HOMES	
Year to	Dec '84	Dec '84	Year to	Mar '85	Mar '84
Revenues (bn)	802	762	Revenues (bn)	370	331
Pre-tax profits (bn)	47.95	47.48	Pre-tax profits (bn)	18.48	13.22
Net profits (bn)	15.67	15.52	Net profits (bn)	7.22	6.25
Net per share	28.64	34.15	Net per share	7.5	7.55
PARENT COMPANY		PARENT COMPANY		PARENT COMPANY	

This advertisement complies with the requirements of the Council of the Stock Exchange



Kingdom of Sweden

U.S. \$200,000,000

10% per cent Bonds due 1990

The following have agreed to subscribe or procure subscribers for the above Notes:

Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Banque Nationale de Paris

Citicorp International Bank Limited

Deutsche Bank Aktiengesellschaft

Enskilda Securities - Skandinaviska Enskilda Limited

Samuel Montagu & Co. Limited

Morgan Guaranty Ltd

Nomura International Limited

Post-och Kreditbanken, PKbanken

Svenska International Limited

S.G. Warburg & Co. Ltd.

Amro International Limited

Banque Bruxelles Lambert S.A.

Banque Paribas

Credit Suisse First Boston Limited

Dresdner Bank Aktiengesellschaft

Merrill Lynch International & Co.

Morgan Grenfell & Co. Limited

Morgan Stanley International

Orion Royal Bank Limited

Salomon Brothers International Limited

Union Bank of Switzerland (Securities) Limited

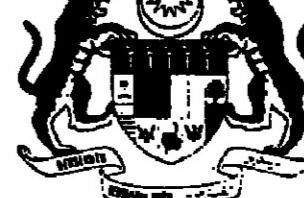
Application has been made for the 10% per cent Bonds due 1990 to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Bond.

Interest is payable annually in arrears on 15th May, the first payment being made on 15th May, 1986.

Full particulars of the Notes will be circulated in the Exetel Statistical Service and may be obtained during usual business hours (Saturdays excepted) up to and including 30th May, 1985 from the Company Announcements Office of The Stock Exchange and 10th May, 1985 from the broker to the issue;

Hoare Govett Limited,
Heron House,
319/325 High Holborn,
London WC1V 7PB

26th April, 1985



Malaysia

£75,000,000

10% per cent. Loan Stock 2009

Issue price £90.705 per cent.

The issue of the above Stock has been oversubscribed and the basis of allotment is as follows:

Nominal Amount Applied For	Allotment
Up to £10,000	In full
£10,000 to £40,000	£12.50
£40,000 to £90,000	£15.00
£90,000 to £200,000	£20.00
£200,000 to £400,000	£25.00
£400,000 and greater	As to 5.94 per cent, rounded up to an integral multiple of £100 nominal amount of Stock.

The Stock has been admitted to the Official List of The Stock Exchange for quotation in the Gilt-edged market. Dealings will begin today, Friday, 26th April, 1985, for deferred settlement on Thursday, 2nd May, 1985.

S. G. Warburg & Co. Ltd.

on behalf of

Malaysia

26th April, 1985

NOTICE OF EARLY REDEMPTION ON 17TH JUNE 1985

TO THE HOLDERS OF BARCLAYS OVERSEAS INVESTMENT COMPANY BV.

US \$100,000,000 Guaranteed Floating Rate Notes 1990 (the "Notes")
Guaranteed on a subordinated basis as to payment of principal and interest by

BARCLAYS BANK PLC

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(c) of the Terms and Conditions of the Notes and the provisions of the Trust Deed dated 13th December, 1979 constituting the Notes, all of the outstanding Notes will be redeemed by Barclays Overseas Investment Company BV on the next Interest Payment Date (being 17th June, 1985) at the redemption price of 100 per cent of the principal amount of the Notes.

Interest for the Interest Period ending 17th June, 1985 will be paid on that date against Coupon No. II and, save only as provided in the above Terms and Conditions, interest will cease to accrue on the Notes as from that date.

Payment of principal and interest will be made against presentation of Notes and Coupons No. II at the specified office of any of the Paying Agents, namely:

Barclays Bank PLC, 54 Lombard Street, London EC3P 3AH, England
Algemene Bank Nederland NV, 32 Vijzelgracht, Amsterdam, Netherlands
Banque Bruxelles Lambert S.A., 24 Avenue Marais, B-1050 Brussels, Belgium
Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg
Banque Nationale de Paris, 16 Boulevard des Italiens, 75009 Paris, France
Barclays PLC, 100 Water Street, New York, New York 10005, U.S.A.
Dresdner Bank A.G., Jürgen-Ponto-Platz 1, D-6000 Frankfurt am Main II, Germany
Union Bank of Switzerland, 45 Bahnhofstrasse, CH-8

International Property

BUILDING LAND FOR SALE IN SPAIN
Sellable Builders, Developers, Investors
FOR VILLA DEVELOPMENT
1000 BUILDINGS
BUILD YOUR VILLA
Fantastic setting with magnificent
views, all utilities, 24 hr. security
FIRST TIME OFFERED UK
Sellers: 0.0000 FREEHOLD
£1,000,000 FREEHOLD
APPROV'd: Ransomes, Chichester Estate
Agents, 250 Chichester Road, Brighton,
Sussex BN2 2JL. Tel: 0273 222222 or
5037353 after 6pm.

FOR SALE - WEST GERMANY Freehold
Leisure Park with 200 plots, with planning
permission and existing infrastructure.
Location: Bad Salzuflen, North Rhine-Westphalia.
Contact: A. Carroll, Sackers Properties
England, 200 Chichester Road, Brighton,
Sussex BN2 2JL. Tel: 0273 222222 or
5037353 after 6pm.

CHANCE OF A LIFETIME INVESTMENTS

IN BOOMING TENERIFE

(The Continent's Subtropical Playground")
(a) Unique 1.6 million sq. metres of waterfront development land, approved and partially improved, including deepwater port and marina. Total at £1.5 million!

(b) Controlling interest in established leisure industry enterprises which will yield cash returns of 50% per annum (plus land appreciation). Total at £500,000 investment.

Full participation involving economic and feasibility studies available to qualified buyers. Terms of exchange, joint ventures considered by sophisticated sellers. No brokerage included (although brokers are permitted to receive a percentage of annuities, waterfront investment lots, precious gemstones for sale/exchange).

500 EUCALIPTUS, LOS CRISTIANOS, TENERIFE, CANARY ISLANDS

SWITZERLAND
LAKE GENEVA - MOUNTAIN RESORTS
Lovely alpine setting with magnificent views of Lake Geneva and mountains.
Mountain Villas, Villas, Apartments, Chalets d'Or near Gstaad,
Les Diablerets. Excellent opportunities for foreigners.
Prices from Swissfr 123,000. Liberal mortgages at 6% interest!
CLOSE PLANE MAPS ON REQUEST. GENEVA, SWITZERLAND
Tel: (21) 222812 Telex: 29295 MEJS
ESTABLISHED SINCE 1970

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE

ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES

ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF INTERNATIONAL OPEN CALL FOR TENDERS

NO. 09092AY/MF

The National Oil Exploration Company (E.N.T.P.) is launching an international open Call for Tenders for the following:

- Lot no. 1: WASHOVER PIPE
- Lot no. 2: MUD PUMP PRESSURE GAUGE
- PUMPS SPEED INDICATORS
- RPM ROTARY SPEED INDICATORS
- Lot no. 3: WEIGHT INDICATORS
- Lot no. 4: AUTOMATIC TONGS FOR DRILL COLLAR, DRILL PIPE AND CASING
- Lot no. 5: WELDING LINE 21" - 32" - 350T
- DRILL PIPE ELEVATOR
- Lot no. 6: ROTARY SLIPS FOR DRILL PIPES 5" and 3"
- Lot no. 7: PIN DRIVE ROLLER KELLY BUSHING & SQUARE DRIVE ROLLER KELLY PUSHING
- Lot no. 8: ROTATING & CIRCULATING HEAD
- Lot no. 9: LOWER KELLY GUARD VALVE
- Lot no. 10: FISHING TOOLS
- Lot no. 11: AUTOLOCK SAFETY JOINT
- Lot no. 12: HYDRAULIC ROCK BIT UNDERREAMER
- Lot no. 13: CHECK VALVE
- Lot no. 14: UPPER KELLY COCKS

This call for tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law no. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade. Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP)
DIRECTION DES APPROVISIONNEMENTS (SUPPLIES DIVISION)
16 ROUTE DE MEFTAH
OUED-SMAR, EL-HARRACH, ALGIERS, ALGERIA

for the sum of four hundred (400) Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail, to the

SECRETARAT DE LA DIRECTION DES APPROVISIONNEMENTS

at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any heading, and should read: "APPEL A LA CONCURRENCE INTERNATIONAL OUVERT NUMERO 09092AY/MF—CONFIDENTIEL—A NE PAS OUVRIR" (INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 09092AY/MF—CONFIDENTIAL—DO NOT OPEN).

Tenders must be received 45 days after this notice is published.

Tenderers shall be bound by their offer for 180 days from the closing date for submission of the tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE

ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES

ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL OPEN CALL FOR TENDER

No. 9136/AY/MEC/

The National Oil Exploration Company is launching a National and International open Call for Tender for the supply of the following:

— Site fork-lift truck, Type 4x4, Capacity: 15 Tons
Tenderers interested in this Call for Tender may obtain the specification for a sum of four hundred (400) Algerian dinars from the following address:

Entreprise Nationale des Travaux aux Puits, 16 Route de Meftah, Oued-Smar, El-Harrach, Algiers, Algeria, Direction des Approvisionnements [Supplies Division], with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail to the Secretariat de la Direction Approvisionnement [Secretariat Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any heading, and should read: "Appel à la concurrence internationale no. 9136/AY/MEC—Confidential à ne pas ouvrir" [National and International Call for Tender no. 9136/AY/MEC—Confidential do not open].

Tenders must be received 45 days at the latest after this notice is published.

Selection must be made within 180 days of the closing date of this Call for Tender.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploration Company)

NOTICE OF INTERNATIONAL OPEN CALL FOR TENDERS NO. 09093AY/MF

The National Oil Exploration Company (ENTP) is launching an International open Call for Tenders for the supply of:

Lot 1: DRILL TABLES
Lot 2: ROTARY TABLES 27", 30" & 32"
Lot 3: CENTRIFUGAL WATER PUMPS
CENTRIFUGAL WATER PUMPS
ELECTRIC WATER PUMPS

This call for tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law no. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade. Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP)
DIRECTION DES APPROVISIONNEMENTS (SUPPLIES DIVISION)

for the sum of four hundred (400) Algerian dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail to the

SECRETARIAT DE LA DIRECTION DES APPROVISIONNEMENTS

at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any heading, and should read: "APPEL A LA CONCURRENCE INTERNATIONAUX OUVERT NUMERO 09093AY/MF—CONFIDENTIEL—A NE PAS OUVRIR" (INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 09093AY/MF—CONFIDENTIAL—DO NOT OPEN).

Tenders must be received 45 days after this notice is published.

Tenderers shall be bound by their offer for 180 days from the closing date for submission of the tenders.

Company Notices

UNILEVER N.V.

Rotterdam The Netherlands

ANNUAL GENERAL MEETING OF SHAREHOLDERS

On Wednesday, 16th May, 1985 at the "Kamer van de Compagnie",
Congresgebouw de Doelen, Prins Hendrikstraat 20, Rotterdam

AGENDA

1. Consideration of the Annual Report for the 1984 financial year submitted by the Board of Directors.
2. Approval and adoption of the Annual Accounts and appropriation of the profit for the year.
3. Appointment of the members of the Board of Directors.
4. Appointment of Auditors.
5. Adoption of the Articles with Articles 96 and 98 of Book 2 of the Netherlands Civil Code, of the Board of Directors as the company body authorized in respect of the same.
6. Proposal for alteration of Article 6 of the Articles of Association.

This agenda, the Report and Accounts with the Report of the Auditors and the Auditors' report on the group, the resolutions on adoption of the profit and loss statement and the balance sheet, the resolution on the appropriation of the profit, the consolidated balance sheet, on appropriation of the Company's profit according to the adopted balance sheet on the Directors' remuneration, the liability of the Directors for the debts of the Company, the Directors' compensation, the election of the Auditors, the remuneration of the Auditors and the remuneration of the Trustees (to be paid to the Auditors).

(A) Holders of shares entitling them to attend the meeting either in person or by proxy appointed in writing must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(B) Holders of registered shares which have been issued in another form and holders of booked shares which intend to attend the meeting either in person or by proxy appointed in writing must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(C) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(D) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(E) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(F) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(G) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(H) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(I) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(J) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(K) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(L) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(M) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

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(P) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(Q) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(R) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(S) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(T) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(U) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(V) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(W) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(X) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(Y) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(Z) Holders of registered shares for which certificates have been issued in the name of Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting must deposit their share certificates and share warrants with Midland Bank plc, Rotterdam, and at the office of the Company mentioned before the date of the meeting.

(AA) Holders of registered shares for

UK COMPANY NEWS

Blue Circle decides against rights

Blue Circle Industries has submitted City estimates with taxable profits of £11.2m for 1984, some 7.7 per cent higher than last year, and reckoned that the miners' strike cut the figure by some £5m.

Mr John Milne, the chairman, also admitted that the group had considered a rights issue but decided it was not necessary. "Our gearing levels mean we don't need to have one and our borrowings are under control," he said.

The expected fall-off in capital expenditure after the heavy investment in recent years was another factor influencing the decision not to go for a cash call.

The shares rose 15p to 495p yesterday.

Turnover of the group, the UK's largest cement manufacturer, fell by £2.6m to £295m, producing gross profit virtually unchanged at £238m. Related companies improved to add £53.8m (£39.6m) to operating profits ahead by £21.6m to £155.2m.

Interest charges rose by £6.2m to £27.6m.

Exchange rate movements boosted the result by around £2.5m. There was a surge in operating profits from the U.S. which added £15m more at £24.5m. This was enough to offset a substantial downturn in the UK from £98.3m to £49.8m, and a smaller fall in Africa, from £21.8m to £20.6m.

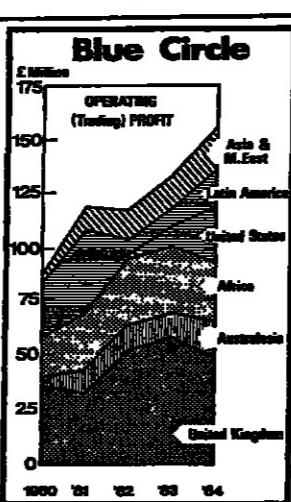
The taxable result was reduced by exceptional costs of £14.4m (£2.7m), mainly redundancy costs in the UK but including £2.2m for the same in Mexico. The chairman said that the group had reduced its workforce by 1,200 last year, but added that no further redundancies were planned over and above the 450 already negotiated with the unions.

"Unless there is some marked deterioration in the UK we see this as the final phase," said Mr Milne.

There would be further exceptional costs but these would be



Mr John Milne, chairman of Blue Circle



(£2.7m), less than half this year's total, he forecast.

UK trading in the current year has suffered from the bad winter weather, but the chairman said that for the industry as a whole, "To date the shortfall is running at around 10.5 per cent, down from the level of 20 per cent in February."

The U.S. on the other hand has got off to a "bumper start" for the group. Budget for the year shows a slight dip compared to 1984 figures and perhaps be a

little higher, said the chairman. The new acquisition Atlantic Cement is forecast to return its operating costs this year and perhaps do a little better.

In Latin America the recovery in Mexico and Chile that started in 1984, when operating profits rose from £7.5m to £17.5m, is now continuing, the chairman said, and the group says it has made a "very good start" to the year.

In Australia the group made £16.8m against £11.3m in 1984 and Asia and the Middle East £10.3m against £8.8m.

The dividend increased up 1p to 14p for a total of 29p net. Earnings per share are stated at 62.1p (£2.3p) before extraordinary debits of £5.5m (£3.8m) — head office relocation costs and losses on investments, less tax charge carry forward of £2.5m (£2.2m).

Depreciation in excess of that based on the historic cost of assets is charged in respect of assets which have been revalued.

Had depreciation been charged only on the historic cost of assets, pre-tax profit would have been increased by approximately 21.6 per cent, giving a share of after-tax profit of £16.1m.

Operating profits of Armitage Shanks were £13m (£11.1m) of which £9.6m (£7.8m) was earned in the UK and £3.4m (£3.3m) came from overseas.

Capital spending last year went up from £100m to £110m in the UK and £100m to £105m. This year the figure will be down, and is forecast to drop even more in 1986. See Lex

ICP's £267m opener disappoints

HAVING PASSED the £1bn barrier for the first time in 1984, Imperial Chemical Industries yesterday disclosed that its provision of £21.4m was made concerning an associate.

The group disclosed that a

provision of £21.4m was made

concerning an associate.

The dividend for the year, however, is being stepped up by 0.3p to 3.35p net, the final being 2.4p.

These showed an increase in taxable profits from £245m to £267m for the three months, but this was lower than most expectations, and the shares fell 1p to 74.4p.

Analysts have been downgrading their forecasts over the past couple of weeks.

Trading conditions in the first quarter were similar to those at the end of last year, say the directors. Profits then were £25.4m pre-tax for a year's total of £1.03bn.

Turnover totalled £2.72bn for the three months just past, with chemicals providing by far the bulk at £2.46bn.

Overseas the group's profit for the year is "encouraging" and future work is being "vigorously pursued."

The chairman is encouraged by the response to the restructuring and improved marketing of the engineering businesses — Wimpey Engineering and Wimpey Offshore.

The directors say that higher sales volume, including 3 per cent provided by acquisitions, accounted for 8 per cent of the increase in turnover, the rest coming from exchange rate movements and price increases.

Agrochemicals and pharmaceuticals maintained improved levels of profitability achieved in recent quarters, say the directors, as did petrochemicals and plastics.

Fibres, specialty chemicals and polyurethanes had a good quarter, they add.

Profits in the oil business were down from £28m in the last quarter of 1984 to £22m, with a slight reduction in volume and an increase in petroleum revenue tax (PRT) payable to £47m.

Sales and profits were

stronger in Western Europe than in the U.S. and in the rest of the world, due partly to seasonal factors.

The charge for tax, excluding PRT, came to £90m for the year, well above £25.9m, and comprised the quarterly against a £62m of corporation tax (£66m) and £27m (£24m) tax on overseas subsidiaries and has been provided at 41.25 per cent, the expected average rate for 1985.

Net profit emerged at £15.5m, up from £14.6m, after minorities of £1.3m against £2m.

Earnings per £1 share are stated at 24.5p against 23.5p for the quarter.

See Lex

Change of direction will give Wimpey sounder base



Mr Clifford Chetwood

£17m from the disposal of approximately half of the investment in the Oldham Estate company which, after related tax of £2.5m, resulted in a net of £13.5m.

Having sold an unlet office building in Frankfurt to a group subsidiary at cost in February and sold undeveloped land to the Frankfurt municipality, Adi Intel, a joint associate, is well advanced in negotiations to dispose of the remainder of its property interests.

The completion of these disposals in 1985 will result in the diminution of the value of the group's investment and production reserves which have been made in extraordinary items.

An amount of £5.4m deducted from investment revaluation reserve in 1983 has now been credited to that reserve and has been included in the extraordinary charge in 1985.

Contracts will be exchanged earlier this month to dispose of members of investment and development properties in the UK.

A provision of £4.8m has been made in extraordinary items.

Redundancy and related costs of closure were incurred in certain unremunerative operations in Western Europe.

Similar costs have been incurred within Wimpey Laboratories and in the Brightside Mechanical and Electrical Services Group in the UK.

The amounts written off, less related tax, totalled £3m.

At year-end borrowings less cash amounted to £149.8m, equal to 36 (31) per cent of shareholders' funds.

Assets per share were 250p (£245p) and shareholders' funds £1.2m to £21.1m.

These comprised of surplus of

Lilleshall picks up to £163,000

BY SUE CAMERON

Lilleshall, engaged in steel and fastener distribution, achieved taxable profits of £163,000, against £12,000, in 1984 and has doubled the single dividend to 2p.

Turnover was lower at £7m (£8.3m) but the taxable result benefited both from a reduction in interest charges of £125,000 (£172,000) and an exceptional credit of £86,000 (debit £55,000).

Net profits after tax came out at £141,000 (£9,000) for earnings of 6.1p per share.

The directors say that the group continues to develop its interests in land.

Sherwood Computer
The offer for sale by tender of 1.4m shares in Sherwood Computer Services at a minimum price of 145p per share, closed yesterday morning, some three times subscribed. Full details on the basis of allocation and the striking price will be announced today.

Nor is it though likely that the proposed bid will meet with much opposition. The fast growing United owns the Yorkshire Post and Punch among other publications but it has no other national daily papers in its stable at present.

What the referral will do is to give United a little more room for manoeuvre in its shareholdings in terms of time. United has been on a major buying spree. Its biggest purchase over the past year was the UK-based

Link House publishing group for £82.3m. And earlier this year paid £90.6m to Pergamon Press for its 15.25 per cent holding in Fleet.

Observers believe United's shareholders may now heed a breather before attempting to swallow Fleet. Mr Derek Ferris, managing director of Gower Grant, a stockbroking firm, has estimated that United's sales would increase by 78 per cent if its bid for Fleet were successful while the group's market capitalisation would be more than doubled.

The Fleet group includes the successful Morgan Grampian magazine publishing business as well as Express Newspapers and regional newspaper business.

Originally it was thought that United might be anxious to retain Fleet's national newspaper if its bid were successful. But Fleet itself has consistently cold-shouldered the proposed bid ever since it was announced last month. Yesterday it maintained this stance following the

link

Ingall Industries, contesting a £7.3m bid by the Greater Midlands Co-op, has complained to the Takeover Panel about remarks made by the Co-op suggesting the possibility of a revised, though unspecified offer.

This will be Ingall's third complaint to the Panel in as many weeks.

The charge for tax, excluding PRT, came to £90m for the year, well above £25.9m, and comprised the quarterly against a £62m of corporation tax (£66m) and £27m (£24m) tax on overseas subsidiaries and has been provided at 41.25 per cent, the expected average rate for 1985.

Net profit emerged at £15.5m, up from £14.6m, after minorities of £1.3m against £2m.

Earnings per £1 share are stated at 24.5p against 23.5p for the quarter.

See Lex

United's bid for Fleet referred

BY SUE CAMERON

United Newspapers' proposed bid for Fleet Holdings, publishers of Express Newspapers, is being referred to the Monopolies and Mergers Commission, the Department of Trade and Industry announced yesterday.

The referral has little significance in itself, under the provisions of the 1973 Fair Trading Act.

Analysts say that the group's ownership of a newspaper with average sales of over 0.5m has to be sent to the MMC automatically.

There are certain exceptions to this rule but they do not apply in the case of United and Fleet.

Nor is it though likely that the proposed bid will meet with much opposition. The fast growing United owns the Yorkshire Post and Punch among other publications but it has no other national daily papers in its stable at present.

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See Lex

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UK COMPANY NEWS

Maxwell takes control of the Oyez publishing business

Buying a slice of British legal history

BY CHARLES BATCHELOR

JUST THREE years short of its centenary, the reasonably titled *Solicitors' Law Stationery Society*, has become part of Mr Robert Maxwell's fast growing office and service supply group Hollis Bros ESSA.

Solicitors' Law, which trades under the less cumbersome name of Oyez, is a specialist printer of legal, business and official forms, including Handard for the House of Lords. It's also an important supplier of computer systems for solicitors and other offices.

Mr Maxwell launched his bid yesterday, having won his private publishing company, Pergamon Press, but the plan is to transfer control of *Solicitors' Law* to Hollis ESSA as soon as possible. Hollis had no spare authorisation capital available with which to make the bid, Henry Ansbacher, Mr Maxwell's merchant bankers, said yesterday.

Hollis ESSA (the initials stand for Educational Supply Association) is a timber merchant and supplier of metal and wooden furniture to shops, offices, schools and hospitals.

To raise the cash to pay for the acquisition, Hollis sold yesterday 4.65m Hollis shares at 50p each to City institutions. This reduced Pergamon's stake in Hollis from 80 per cent to 73 per cent.

The Pergamon bid was not agreed in advance. *Solicitors' Law*'s chairman, Sir Edward Singleton, was out of the country yesterday, but the company said it was "delighted" that uncertainty over its future had been resolved.

Pergamon yesterday bought a 50.2 per cent stake in *Solicitors'*



to sell. They were ready and we said "snap".

"It is a nice fit with Hollis and it also goes with our educational publishers Waterlow which produces *The Lawyer* magazine for the Law Society."

Solicitors' Law shares fell 4p to 37p yesterday.

The company was incorporated in 1888 to provide stationery, printing and office supplies to the legal profession.

It went public in 1914 but it was not until 1970 that the board removed the restriction which limited share ownership to solicitors and employees of the company.

It was the opening up of *Solicitors' Law*'s shareholder role to outsiders which cleared the way for an £8m bid from

Law from The Thomson Organisation to add to its existing holding of 24.1 per cent.

Pergamon then went on to offer 35p for each *Solicitors' Law* share not already owned in a deal which values the company at \$4m.

As soon as the bid went through, the *Slater Walker* formula was applied. The plain Peter Lane site was stripped out and *Solicitors' Law* moved to First Division football, said:

"I bought a holding myself two years ago. I believe that it is now time to make *Solicitors' Law* very successful. We were content to wait until Thomson were ready



Mr Robert Maxwell . . . "I believe that we know how to make *Solicitors' Law* very successful"

works. During 1981 Mr Maxwell began building up a sizeable stake in *Solicitors' Law*.

Another deal aimed at strengthening *Solicitors' Law*'s financial position did go through later that year. It sold its publishing division — incorporating such mouthwatering titles as *Dyson's Dead Duties* and *Blackstone's Road Traffic Offences* — to Pearson Longman for £2.2m.

But its problems had taken their toll and *Solicitors' Law* suffered three years of losses between 1980-82. It returned to profit — of just

£70,000 on turnover of nearly £20m in 1983. The company remained in the black with a profit of £102,000 in the first half of 1984 but this was less than half the £230,000 profit recorded in the first half of 1983.

Compared with the golden years in the early 1970s when profits comfortably exceeded £1m, *Solicitors' Law* has fallen on very hard times.

But it is an ill wind which blows no good and the problems of *Solicitors' Law* have given Mr Maxwell his chance to buy a slice of British legal history.

House of Fraser rises 24% to record £48m

IN LINE with the estimate included in the offer to shareholders from the Al-Fayed brothers on March 23, House of Fraser has achieved record pre-tax profits for the year to January 26, 1985 of £48.16m against £38.76m previously, a 24 per cent increase. Most of this was earned in the second half, with profits of £24.9m announced half way.

Turnover for this department stores group, which includes Harrods, rose from £840.85m to £893.1m, excluding VAT, and the directors say that 41.1% of the profits increase has been derived from trading activities, and reflects an improving profits performance from most sectors of the group.

House of Fraser changed hands early last month, and the new owners, the Al-Fayed brothers, are "working constructively" with the group's management and encouraging

Habitat denies Debenhams bid is imminent

HABITAT Mothercare, the household goods retailer, yesterday strongly denied that it was about to bid for Debenhams, the stores group.

A statement by the Habitat Mothercare board said it was disturbed by continued speculation in the press yesterday that a bid was imminent.

"Such speculation can only have a disruptive and confusing effect on the employees and shareholders of both groups."

Last January, Sir Terence Corran, Habitat's chairman, made an approach to Debenhams but was unable to conclude an agreed bid, his stated pre-condition to a deal.

Since then, Debenhams' shares have been the subject of feverish trading, with the stock market trying to identify potential predators.

Debenhams' shares closed at 267p, up 5p on the day. Habitat Mothercare climbed 5p to close at 368p.

Associated Industries

ASSOCIATED British Industries has taken an option to purchase the entire share capital of VERN Chemical Blenders at a date after July 1 1985.

ment was undertaken at Bury, and a new service and parts facility opened in February, with "encouraging" initial results.

Looking ahead, Mr Quick is encouraged by the way the company has settled down following restructuring. Aggressive marketing, including the opening of the Old Trafford "superstore," has spurred new vehicle sales in the first quarter and group performance is encouraging in a continuing highly competitive market.

Shareholders receive an unchanged 2p final dividend, making 2.6p compared with 2.58p.

Nolton

Mr Andrew Millar, chairman of Nolton, the engineering and investment holding company, has increased his shareholding in the company to 29.9 per cent.

He acquired 889,770 shares at a price of 45p after Nolton made a vendor placing last February of 1.73m new shares to the International Investors Centre at London Wall Building in the City. He now holds 1.78m shares.

During the year capital invest-

Whatman lifts dividend as profits top £4.6m

WHATMAN profits up by over £1m from £3.8m in 1983 to £4.6m in 1984, helped by a reduction from 51.8 per cent to 48.1 per cent in the overall tax charge and by purchases by the group of its own shares. The final dividend is 6.6p (5.1p).

For the Balston division 1984 was a year of major expansion in terms of marketing, production and new products.

A new marketing subsidiary was set up in Singapore and another such subsidiary was established this year in France.

The division expanded its capacity for the production of filter elements both in the U.S. and the UK.

A major marketing effort was made by Whatman International, with the introduction of Whatman mail order catalogues in the U.S. and the UK.

The directors say this has opened up new opportunities for Whatman papers in industrial markets such as high efficiency air filters and laboratory separators.

They add that the successful exploitation of this new technology will add significantly to the division's long-term growth potential.

The directors are proposing to subdivide the 25p shares into five ordinary of 5p each.

Capital expenditure and interest costs hit Quick

INCREASED capital expenditure and losses in the second half of 1984 resulted in a dip in pre-tax profits to £117,000, against £322,000, for H. & J. Quick Group, Manchester-based Ford main dealers.

Mr Norman Quick, the chairman, says the reduced profits is "clearly not satisfactory" but points out that 1984 should be seen as a year of "significant change and development."

Although turnover was maintained at £93.2m (£92.72m) margins were squeezed in the latter part of 1984, resulting in a 7 per cent decline in operating profit to £1.05m (£1.11m).

Capital expenditure of £93,000 (£26,000) and restructuring costs of £109,000 contributed to an increase of 26 per cent in interest charges to £224,000 (£76,000).

Mr Quick says the restructuring culminated with the appointment of Mr Tim Worrall as managing director, who has already instigated major changes in key management areas and has taken steps to tackle problems caused by high interest charges.

During the year capital invest-

WATMOUGHS (HOLDINGS) PLC

Turnover and profit at record levels

	1984	1983	Increase
Group turnover	£27 million	£22.5 million	20%
Profit before tax	£2.3 million	£2.1 million	10%
Dividend per share	6.25p	5.21p*	20%

* Adjusted for the increased capital (1984 scrip issue—1 for 5)

Progress continues in specialised markets

* Considerable growth achieved in gravure printing of quality magazines, brochures and colour supplements.

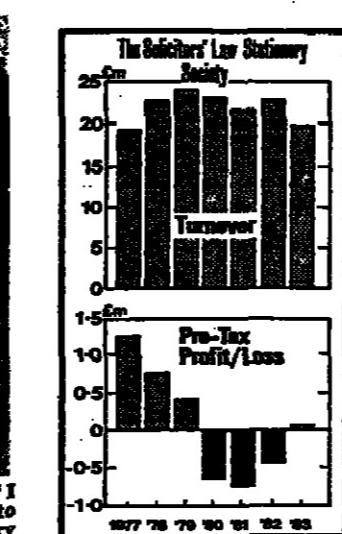
* Substantial advances continue to be made in security printing and packaging.

1985 prospects

* Major magazine contracts obtained including YOU magazine, The Mail on Sunday colour supplement.

* Rights issue successfully concluded to finance major expansion programme.

Annual report available from the Secretary, Idle, Bradford, West Yorkshire BD10 8NL



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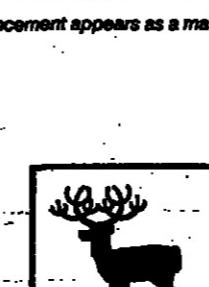
WINGATE PROPERTY INVESTMENTS plc

SUMMARY OF RESULTS

	Year to 31.12.84 £'000's	Year to 31.12.83 £'000's
Rental income	2,166	1,963
Profit after taxation	549	499
Earnings per share	4.02p	3.79p
Dividends per share	1.70p	1.50p
Net assets per share	128.36p	119.59p

Since the year-end the Group's freehold interest of 42% in the prestigious office building, Campden House, London, has been sold for £6.2 million cash.

Wingate Property Investments plc, 6 Hobart Place, London SW1W 0HU



This announcement appears as a matter of record only



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Hill Samuel & Co. Limited

UK COMPANY NEWS

NOTICE TO LOMBARD DEPOSITORS		
Rate for depositors entitled to receive gross interest	Rate for depositors entitled to receive net interest	Gross equivalent to a basic rate less tax payer
14 Days Notice Minimum deposit is £2,500	9.62%	13.74%
12% pa	9.62% pa	13.74% pa
Cheque Savings Accounts When the balance is £2,500 and over		
12.78% pa	9.25% pa	13.21% pa
When the balance is £2,500 to £2,500		
10.9% pa	7.75% pa	11.07% pa
Interest is credited on each published rate change, but not less than half yearly.		
Lombard North Central 17 Bruton St, London W1A 3DH.		

Granville & Co. Limited

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Over-the-Counter Market

High	Low	Company	Price	Change	Yield (%)	Actual Yield (%)	P/E
144	123	Ass. Brit. Ind. Ord.	143	-	5.6	4	7.9
151	135	Ass. Brit. Ind. CULS.	148	-	10.0	6.7	8.1
77	51	Airsprung Group.....	55	+1	6.4	11.6	6.1
42	38	Armitage and Rhodes....	35	-	2.8	8.4	11.1
55	45	Avon Tyres	45	+1	2.4	14.1	24.0
58	42	Bray Technologies	50d	-	3.9	7.5	6.1
201	170	CCL Ordinary	170	-	12.0	7.1	—
152	110	CCL 17pc Conv. Prei.	110	-	10.7	13.2	—
171	120	Corporation of Eng.	120	-	6.7	4.1	5.9
88	84	Corporation 7.5pc Pf.	88	-	10.7	7.5	9.3
73	49	Deborah Services	49	-	6.5	13.3	4.7
314	182	Frank Horwill Ltd.	314	-	10.5	10.5	10.5
54	45	Freightliner 7.5pc Ord.	45	-	9.6	3.6	10.5
32	26	Frederick Parker	26	-	15.0	9.5	13.8
55	33	George Blair	57	-	2.7	12.3	3.8
50	22	Ind. Precision Castings	180	-	15.0	9.5	13.8
124	107	Jackson Group	105	-	4.5	4.7	4.9
285	213	James Burroughs	243	-	13.7	5.6	8.5
27	21	John Howard and Co.	217	+2	12.4	12.4	12.4
217	100	Lingusphone Ord.	217	-	5.0	5.7	6.9
100	93	Lingusphone 10.5pc Pf.	96	-	15.0	15.3	8.0
300	200	Logistics Group NV.	200	-	10.0	10.0	10.0
60	52	Robert Jenkins	55	-	5.0	10.0	8.5
62	58	Scrutons "A"	34	-	5.7	16.8	4.1
82	61	Torday and Carlisle....	76	-	12.0	12.0	12.0
44	30	Unicor Holdings	35	-	4.3	4.3	4.6
30	17	Unicor Holdings	30	-	1.3	4.3	21.0
98	81	Walter Alexander.	95	-	7.5	7.9	9.4
247	216	W. S. Yates	218	-	17.4	8.0	10.7
Prices and details of services now available on Prestel, page 48146							

Vehicle operations drive Hestair down to £1.36m

SHARPLY HIGHER interest charges together with a downward trend in its special vehicles side more than offset advances in some of Hestair's other operations and left group pre-tax profits for 1984-85 down by £1.25m to £1.36m.

However, the dividend total is being held at 3.75p net per 25p share by a same-against limit of 2.075p.

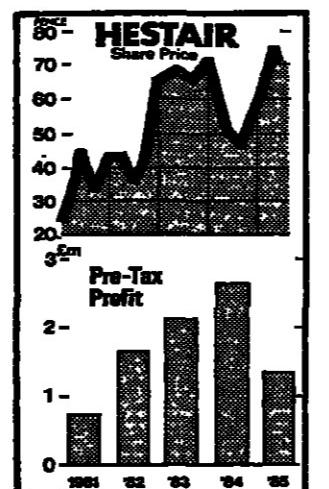
Group turnover for the 12 months ending January 31 advanced from £89.66m to £115.96m.

A divisional breakdown of group results shows special vehicles up £1.65m, farm equipment £254,000 (£276,000), stationery and educational supply £1.26m (£1.35m), toys £612,000 (£538,000) and employment bureaux £1.46m (£1.00m).

Interest charges accounted for £2,450,000 (£2,633,000).

At the six months' stage the group swung from profits of £1.36m to losses of £107,000. The directors blamed the results on continuing difficulties at Dennis, the "rather-than-anticipated costs of reorganising the group's vehicle division and a temporary disruption to output caused by 'aircraft' move to larger premises.

Restructuring of Dennis was



the year-end was £8.5m. The sale is subject to shareholders' approval.

Mr David Hargreaves, the chairman, said 1985 would be a "crucial" year for the group. The major reorganisation of the vehicle division is due to be completed in December.

"If we can bring that to a successful conclusion it will have a dramatic effect on profitability."

Within the division the Dennis' operational unit incurred losses last year of some £1.3m but Mr Hargreaves expected the company to be back in profit by the end of this year.

Total cost of the vehicle division reorganisation — just over half of which has already been met — was put at some £4m.

Hestair is forecasting that the group will now expect to make more than £1m. borrowings by more than £1m and increase profit tax rate and a 7p (down 5p) share price — which is hardly demanding.

Mr Hargreaves said there was only time to be optimistic about improvement in the pre-interest profits of the division this year. But elsewhere, the employment agency business had got off to a "very good start" with profits

"extremely buoyant".

• comment

The end of Hestair's costly reorganisation programme now appears to be in sight — although it could be another year before the benefits appear below the line. The second half of the year being reported may, however, be taken as a sign that things are moving in the right direction. Among the bigger changes has been the transfer to the Duple site of several parts of the group's activities on the vehicles and plant hire units at least half begun to compensate for the unhappy purchase of some 50% of Duple itself in 1983.

The upshot of all the moving around of production facilities has been the concentration of the continuing operations (just under 50% of the group's turnover) at the Duple site of nearly two-thirds the amount of ground (and even less of this of a prime site nature). The workforce has also been reduced by 25 per cent with a net 350 jobs being lost.

This year should see the end of these, and for boosting working capital. For this year analysts are forecasting £3.4m pre-tax (after £1.35m in interest charges) which, with a prospective rate of 8.5% on a 5.25p cent tax rate and a 7p (down 5p) share price — which is hardly demanding.

Fergabrook exceeds forecast by £0.3m

Harold Perry Motors, London-based Ford main dealer, reported a slight increase in pre-tax profits for 1984, from £3.4m to £3.5m, despite reduced new car sales and lower profits from commercial vehicles.

Pre-tax profits were 0.6p higher at 10.7p.

Tax for 1984 was virtually unchanged from 1983, from £3.4m to £3.5m, despite a rise in car sales and lower profits from commercial vehicles.

While new car sales were one per cent lower, profits produced were nine per cent higher. In contrast, commercial vehicle sales increased by nine per cent, but profits fell by 32 per cent per share.

Trading activities other than new vehicles have produced 74

per cent of total group profits, as promised.

As promised the final dividend is to be 3.2p making a total payout of 3.2p, which is covered nearly four times by earnings of 12.77p per share.

To provide the basis for future expansion of its business, Fergabrook has recently commenced marketing hardware items under its own brand name, and is also planning a range of character related toiletries.

Mr Richard King, the chairman, said that as a result of its association with the characters of the A-Team programme, Rainbow has become one of the major toy companies in the UK and is no longer dependent on any one product range.

While Impact Marketing Consultants, which commenced trading in October 1984 and handles the advertising and design requirements of the group, is not expected to provide a material contribution in 1985, it is now trading profitably.

Fergabrook has recently acquired Clifford Enterprises, a manufacturer of watches, lighters, jewellery, perfumes and cosmetics to airlines, shipping lines and duty free shops. Clifford is "trading well" with benefits beginning to accrue from the association. Its product range, including several new lines, is significantly better than book value. With an Australian investment company having just picked up 5 per cent of the equity, sums like may have more relevance than usual. At 8.5p the p/e is 9, but the historic multiple is not particularly encouraging.

Perry's management attempts to peer into the future to reshape the company while keeping a close eye on its back.

Perry slightly up at £3.5m despite fall in new car sales

25p share were 0.6p higher at 10.7p.

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Perry's management attempts to peer into the future to reshape the company while keeping a close eye on its back.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange:	Radio City (Snd. of Mrsysda.) May 25
Intermarc—William Boultbee, Lowland Investments, North Midland Construction	Royal Bank of Scotland May 25
Air Call May 2	Spencer Clark Metal Inds. May 2
Finlays—Barham, James Beattie, Claydon, John Donaldson, Flywheel, Gurney, Peter Hartmanns, Howard Machinery, More O'Farrell, Richards (Leicester), Sunlight Service, E. Upton, Worleplex	Britannia Arrow May 2
Information Systems, Yorkgreen Investments	Dertford Stamping May 2
Imp. Cold Storage and Supply	Globe Gross May 1
Marine Adventure Sailing Trust	Holy (Joseph) May 1
Jacka (William) May 30	Imp. Michel Leisurewear May 7
ASB—AB May 13	Polymark International May 29
Business Investment Trust	Bas May 22
Cosalt May 30	Premuth and Sindrid, News. May 30
Dominion (A. A.) May 23	Roberts, May 23
Galaxy Sports May 1	

ICI first three months 1985.

Progress maintained

The Board of Directors of Imperial Chemical Industries PLC announce the following unaudited trading results of the Group for the first three months of 1985, with comparative figures for 1984.

1984	First	First
Month	Three	Three
£m	£m	£m
Turnover		
Chemicals:		
United Kingdom	602	
Overseas	1,856	
2,346	2,474	
Profit on ordinary activities before taxation	267	
After providing for:		
Depreciation	115	
- 90	- 373	
Tax on profit on ordinary activities	- 99	
- Profit on ordinary activities after taxation	168	
Attributable to minorities	- 13	
Net profit attributable to parent company	155	
Extraordinary items	-	
Net profit for the financial period	155	
Earnings before extraordinary items per £1 Ordinary Stock	24.8p	
23.9p 98.2p		

*Abridged audited accounts.

Group turnover in chemicals during the first quarter of 1985 was £2,458m, an increase of £393m (19%) on the first quarter of last year. Higher sales volume, including 3% provided by acquisitions, accounted for 8% of the increase in turnover, the rest coming from exchange rate movements and price increases. Trading conditions during the first quarter of 1985 were similar to those at the end of last year.

Profit before tax was £267m, an increase of £22m over the first quarter of 1984 and £13m over last quarter. Agrochemicals and pharmaceuticals maintained the improved levels of profitability achieved in recent quarters, as did petrochemicals and plastics. Fibres, speciality chemicals and polyurethanes had a good quarter. Profits in the oil business were down from £26m in the last quarter of 1984 to £22m, with some reduction in volume and an increase in petroleum revenue tax payable to £47m.

Territorially, sales and profits were stronger in Western Europe than in the United States and the Rest of the World, due partly to seasonal factors.

The following table summarises the quarterly sales to external customers, and profit before tax.

	Chemicals Turnover	Oil Turnover	Profit Before Tax
1984	£m	£m	£m
1st Quarter	2,065	305	245
2nd Quarter	2,222	213	287
3rd Quarter	2,203	266	248
4th Quarter	2,330	305	254
Year	8,820	1,089	1,034
1985 1st Quarter	2,458	257	267

The change for taxation, which excludes petroleum revenue tax, for the first three months of the year amounted to £99m (first quarter £90m), comprising £62m of corporation tax (£66m) and £37m taxation of overseas subsidiaries and related companies (£24m). UK corporation tax has been provided at 41.25%, the expected average rate for the accounting year 1985. Trading results for the first six months of 1985 will be announced on Thursday 25 July 1985.



Imperial Chemical Industries PLC

BOUSTEAD

Boustead plc is an international trading group with activities including engineering, manufacturing, marketing and distribution, commodity broking and project management and specialist services. The Group's centres of operation are in the United Kingdom, Singapore and Australia, through which it has interests in other areas, including Europe, Hong Kong and the USA.

Extracts from the Board's Announcement

- Disappointing results due to losses in Australia and by UK soft commodity operation - re-assessment of these areas in process.
- Other companies performed satisfactorily including King Trailers which returned pre-tax profit in excess of £300,000.
- Consider the underlying strengths of the Group's activities will enable a return to profitability in 1985.

Financial Summary

	£'000
Turnover	1984 1983
(Loss) before Taxation	53,610 49,674
(Loss) attributable to Shareholders	(106) (84)
Shareholders' Equity	(72) (1,294)
Dividend Paid per Pt.	14.667 10.000
Net Tangible Assets Per Share	40.1p 39.3p

Note: The comparatives for 1983 have been restated to account for a prior year adjustment.

A copy of the Annual Report can, from May 27th, be obtained from the Secretary, Boustead plc, 14/15 Conduit Street, London, W1R 9TG.



UK COMPANY NEWS

Yule Catto profits jump by 58% to more than £12m

AN INCREASE of 58 per cent was achieved in the taxable results of Yule Catto & Co for 1984. With turnover ahead by 15 per cent at £128.75m against £111.6m previously, profits rose from £7.62m to £12.01m.

The profit compares with a forecast of £11.5m made at the time of the abortive bid for Donald Macpherson.

At the interim stage, with profits of £12.01m achieved, the directors recommended a final dividend of 3.25p net. They are now proposing a 3.75p (2.5p) final, making a total for the year of 6p (4p).

The group, which has interests in plantations, industrial chemicals and building products, has shown its net earnings higher at 22.7p (18.6p) per 10p share and on 10p basis at 21.5p (16.5p).

The directors say that although the volatility of currencies and the variability of economic indicators make predictions inaccurate, the current year has started well for a majority of the operating companies, and they hope that this can be maintained.

It is unlikely that the plantation companies will enjoy the same average levels of commodity prices as were achieved in 1984, they say, but the additional plantation acreage should help to compensate.



In July 1984, the Malaysian subsidiary, Yule Catto Plantations acquired a company owning 1,738 hectares of largely mature rubber plantations. The new estate at Kerangas in Pahang state has enabled the plantation company to replenish acreage sold over recent years for housing development and Government schemes.

The directors add that further progress is expected to be made by the UK industrial units.

• comment
During its unsuccessful battle for Macpherson last year, Yule Catto forecast a 51 per cent increase in 1984 profits - a forecast it has beaten by a comfortable margin, despite a fall in the rubber price in 1984.

The latest earnings compare with an estimate from an estate in Malaysia acquired in July, has also added to the company's acreage by a third. A sixth year of increased profits is in store for 1985. A 10-year's contribution from the Malaysian estate should more than offset the effects of an expected fall in commodity prices. The sale of the Goat Petreutes stake last month will do wonders for Yule's balance sheet by eliminating borrowings entirely, and by reducing interest rates. The interest charge will give profits a boost. A forecast of £13.5m for 1985 at a rate of 40 per cent puts the shares at 23.5p on a p/e of 6. The yield is 3.6 per cent.

Inco debt redemption aids first quarter

CANADA'S nickel-producing Inco earned a net \$12.1m (£9.6m), or 5 cents per share, in the first quarter of 1985 after including gains of almost \$12m from the retirement of long-term debt and the sale of venture capital securities, reports Bernard Simon from Toronto.

The latest earnings compare with \$4.5m in the final quarter of last year when there were pre-tax gains of \$10m from retirement of debt and the sale of North American oil and gas properties.

In the first quarter of 1984 Inco incurred a loss of \$35.1m after some \$18m severance costs and equipment write-offs.

In the latest quarter operating income rose to \$46m, its highest since mid-1981, mainly as a result of lower unit costs and modestly higher prices for nickel.

Sales of nickel rose to 96m lb from 90m lb in the first quarter of last year while cobalt shipments advanced to 800,000 lb from \$90,000 lb. Stocks of finished nickel fell to 82m lb from 88m lb at the end of 1984.

At the annual meeting in Toronto, Mr Charles F. Baird, chairman, said: "The modest profit earned in the first quarter will, we hope, lead to better results as the year progresses."

He pointed to the improved demand for nickel in the first quarter and the continued fall in both producer and London Metal Exchange stocks to about 28.1p.

This, coupled with the weakness of the US dollar, has been reflected in firmer LME cash prices for the metal. Mr Baird commented that Inco's price realisations lag behind the LME price, but month by month "our prices are rising with the tide and we expect this to continue for this quarter."

He conceded, however, that the slowdown in the U.S. economy "raises a cautionary note for second half demand."

Rio Algom off to a good start

The RIO Tinto-Zinc group's Canadian Rio Algom has done well in the first quarter largely as a result of the recovery in fortunes of the 68.1 per cent owned Lornex copper-nickel-bismuth producer in British Columbia.

Rio Algom's earnings for the first quarter have risen to C\$0.41m (£13.9m) or 52 cents per share, or C\$21.5m in the first quarter of 1984 and C\$16m in the first three months of that year.

The semi-annual dividend is raised to 30 cents from 27½ cents: the 1984 total was 55 cents.

Apart from Atlas Steel, which was hit by a strike at its Tracy plant which began on March 14, all sectors of Rio Algom's operations earned more than a year ago. Uranium income was boosted by the strong U.S. dollar and a better sales contract mix.

The company says that development and construction of its East Kemptville tin mine in Nova Scotia remains on schedule and under budget. Due to reach production in the second half of this year it will be the only major tin producer in North America.

Annual production of concentrates is expected to contain 4,500 tonnes of tin plus 1,500 tonnes of copper and 2,400 tonnes of zinc.

Coloroll Group

Coloroll Group is coming to the full market by way of an offer for sale of 13.5m shares - 49.5 per cent of the equity - at 135p per share.

The price values the group, which is involved in the manufacture of wallcoverings and packaging products, at £28.5m.

They say the timing of trading profits may continue to affect overall profitability when looked at over the trading cycle.

They say, however, that increases in the company's retained earnings will assist in offsetting the level of interest charges.

A number of other small purchases have been concluded, all located in Surrey, all of which give the benefit of immediate income, together with medium-term development prospects.

The directors will continue with their policy of acquiring well located investment and development sites in the south-east.

They say the timing of trading profits may continue to affect overall profitability when looked at over the trading cycle.

During the year further properties and development sites will be acquired in close proximity to the M25 and reflect the directors' continuing policy of the build-up

of the group's asset base.

Banro/SAIT

The Scottish American Investment Trust has sold 565,000 shares (10.4 per cent) in Banro, the surface mining arm of the group, to a consortium of investors which defeated a £6.2m takeover bid by C.H. Industries earlier this month.

The Council of The Stock Exchange has granted permission for the whole of the issued share capital of Banco de Santander, S.A. to be admitted to the Official List. Details relating to Banco de Santander, S.A. and the above shares are available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 10th May, 1985 from:

S.G. Warburg & Co. Ltd.
33 King William Street
London EC4R 9AS

Company Announcements Office
The Stock Exchange
Throgmorton Street
London EC2P 2BT
(until 30th April, 1985 only)

James Capel & Co.
Winchester House
100 Old Broad Street
London EC2N 1BQ

26th April, 1985

53,250,000,000

Ordinary shares
of Ptas. 400 each

35,500,000,000

Issued and Fully Paid Ptas.

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Banco de Santander, S.A.

(incorporated in Spain with limited liability)

Share Capital

Authorised Ptas.

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Record world wheat
harvest is
forecast, Page 46

NEW YORK STOCK EXCHANGE 38-39
AMERICAN STOCK EXCHANGE 39-40
U.S. OVER-THE-COUNTER 40, 48
WORLD STOCK MARKETS 40
LONDON STOCK EXCHANGE 40-43
UNIT TRUSTS 44-45
COMMODITIES 46 CURRENCIES 47
INTERNATIONAL CAPITAL MARKETS 48

20

WALL STREET

Uncertainty as Fed adds to liquidity

UNCERTAINTIES on Wall Street over the course of Federal Reserve credit policies took a fresh turn yesterday when the Fed acted to help market liquidity after the Federal funds rate moved above 8 per cent for the first time in a week, writes *Terry Byland* in New York.

But short-term rates remained higher after the Fed's move, and bond prices showed further losses, with investors again discouraged by a strong dollar.

The Fed's announcement of four-day overnight system repurchases when the funds stood at 8% per cent seemed to indicate that the board wants rates to remain at those levels. System repurchases, a semi-permanent addition of reserves, are often regarded as a significant sign of the board's policies.

The stock market held firm, despite the worries over interest rates and the disappointing trend of first-quarter corporate results.

The blue-chip stocks made modest headway later in the session but the advance was slow to spread across the full range of the market. At the close, the Dow Jones industrial average was a

net 6.29 points up at 1,284.78, with turnover at a healthy 109.5m shares.

Standard Oil of Ohio edged up 5% to \$474m on the trading figures, and British Petroleum, the controlling stockholder, traded as an American Depository Receipt, added 3% to \$21.75 in brisk business on New York's Big Board. Chrysler at \$37 made no response to the lower profits news.

Unocal, a busily traded takeover stock, was in the limelight again, dipping \$4 to \$46.6m as Wall Street continued to doubt Mr T. Boone Pickens' chances of gaining control. But the shares had rallied from a \$1 fall after Mr Pickens said he would tender his stock for Unocal's offer of \$72 in paper for 49 per cent of the equity.

Meanwhile, Crown Zellerbach jumped \$0.75 to \$44, leaving behind Sir James Goldsmith's offer of \$42.5m a share for 70 per cent of the equity.

Technology issues, a cause of market weakness recently, remained uncertain. At \$12.84, IBM shaded \$1 lower and Burroughs lost \$1 to \$64. But some of the recent corrections showed signs of renewed health, notably Texas Instruments, \$1.14 up at \$94.50 and Data General, \$3.50 better at \$39.40.

The oil stocks, too, looked better. Exxon regained a further 5% to \$52.50, Atlantic Richfield added \$1 to \$53 and Mobil steamed \$1 higher to \$50.00 on consideration of the trading figures. Occidental Petroleum added \$1 to \$29.40, also in response to first-quarter results.

Du Pont fell \$1.50 to \$56 in hefty turnover. The chemical group has been obliged to double to \$24.50 a charge on first-quarter earnings following a sub-

stantially greater-than-expected response to an employee early retirement plan offer.

But other chemical stocks looked firm, as did the motor sector with the exception of American Motors, \$4 down at \$34. Slumping sales, plus boardroom changes at American Motors, have inevitably raised the question on Wall Street of how long Renault, the troubled French parent, will adhere to its stated policy of continued support for its ailing U.S. subsidiary.

G. D. Searle slipped 5% to \$50.75 after disclosing that it will buy 7.5m shares from the founding family, a move which reduced still further the chances of a bid on a deal with the family stockholders.

Among consumer stocks, Coca-Cola fell a further \$1.50 to \$87.50 as Wall Street shied away from the plan to alter the secret formula of Coke. Procter & Gamble edged up 5% to \$52.50 after the decision to drop the corporate logo.

In foods, CPC International, shaded down 5% to \$41.50 after a profits warning from the boardroom.

The expected bid from Mr Irwin Jacobs for AMP left the stock 5% easier at \$76 to \$84, against \$74 ahead of the buyer's offer.

A slight softening in the dollar at mid-session brought a mild rally in bond prices, but falls of one quarter point remained widespread. Treasury bill rates were six basis points or so higher, with bank certificates of deposit following suit.

LONDON

ICI provides the wrong chemistry

A STRONGER early tone in the London equity market was diluted yesterday by poorer-than-expected first-quarter results from ICI.

The ICI figures eroded most of the sentiment that had been fostered by steady interest in international issues, a continuation of the dollar's resurgence and a decline in sterling against the U.S. and leading continental European currencies.

When ICI opened lower on Wall Street, London buyers lost their enthusiasm that took the chemical group a net 21p lower to 744p after touching a trough of 739p.

The FT Ordinary index managed a rise of 3.1 to 965.6.

Gilts were influenced by the receding hopes of base rate cuts, but the absence of any sustained foreign profit-taking left declines relatively small.

Chief price changes, Page 46; Details, Page 41; Share information service, Pages 42-43

HONG KONG

THE CONSOLIDATION that took place in Hong Kong trimmed 6.53 points off the Hang Seng index as local investors indulged in a bout of profit-taking.

Hong Kong & Kowloon Wharf rose 5 cents to HK\$34.40 against the trend, however, amid further speculation of restructuring. Cheung Kong and Jardine Matheson both lost 20 cents to HK\$16 and HK\$12.10 respectively, while Hong Kong Land and Hong Kong Bank shed 10 cents apiece to HK\$5.70 and HK\$8 respectively.

Evergo, the electronics group, asked for a suspension of trading in its shares after it plunged 18 cents to 73 cents following the circulation among brokers of an anonymous letter questioning the group's current financial forecasts.

A FEW ISOLATED losses stood out in a broadly firmer Johannesburg despite the thin level of trading. Investors were waiting for a lead from the bullion price.

Among the leading gold miners, Vaal Reefs inched 50 cents ahead to R190.50. Buffels was steady at R87 and Driefontein was one of the few to turn lower with 50-cent decline to R52.50.

Other miners were largely ignored, although diamond leader De Beers picked up 15 cents to R10.25 after results. Elsewhere Anglo American Coal eased 10 cents to R41.90.

SINGAPORE

SCATTERED bargain hunting induced a firm closing in a Singapore that had languished most of the day in extremely thin turnover. The Straits Times industrial index rose 3.06 to 798.15.

Straits Trading was the main feature with a 16-cent rally to \$34.84 in light trading after favourable local press reports. Ganda Holdings, the most active, picked up 13 cents to finish at \$31.25, while Malaysia Resources continued to attract attention but eased 1½ cents to 79 cents.

CANADA

OIL AND GAS issues provided an early boost to Toronto as speculation of a major oil discovery in Alberta fuelled broad-based purchases.

Oakwood, leading the exploration, traded C\$1 higher to C\$9.65 despite its announcement that test results were not yet available. Other groups in the drilling include Norcen, C\$1 up at C\$1.6%, Pen West Petroleum C\$4 ahead at C\$1.6% and Morrison Petroleum C\$7 stronger at C\$1.6%.

COMMODITIES

(London) April 25 Prev
Silver (spot fixing) 508.85p 498.65p
Copper (cash) £1.271.50 £1.222.00
Coffee (May) £2.149.50 £2.112.50
Oil (spot Arabian light) \$27.55 \$27.55

541

SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Friday April 26 1985

WALL STREET

Uncertainty as Fed adds to liquidity

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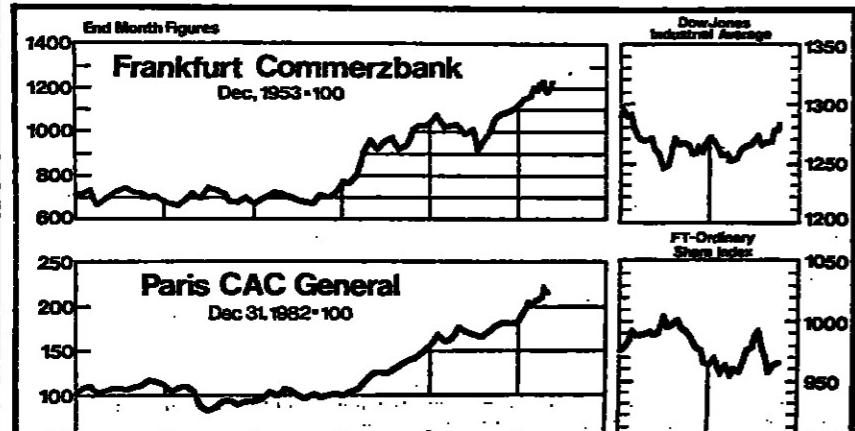
But short-term rates remained higher after the Fed's move, and bond prices showed further losses, with investors again discouraged by a strong dollar.

The Fed's announcement of four-day overnight system repurchases when the funds stood at 8% per cent seemed to indicate that the board wants rates to remain at those levels. System repurchases, a semi-permanent addition of reserves, are often regarded as a significant sign of the board's policies.

The stock market held firm, despite the worries over interest rates and the disappointing trend of first-quarter corporate results.

The blue-chip stocks made modest headway later in the session but the advance was slow to spread across the full range of the market. At the close, the Dow Jones industrial average was a

KEY MARKET MONITORS



STOCK MARKET INDICES				
NEW YORK	April 25	Previous	Year ago	
DJ Industrials	1,284.78	1,278.49	1,162.9	
DJ Transport	592.89	585.25	494.65	
DJ Utilities	154.85	155.28	125.24	
S&P Composite	183.43	182.26	158.07	
LONDON				
FT Ord	955.8	952.5	908.0	
FT-SE 100	1,289.5	1,285.7	1,119.8	
FT-A All-shares	621.37	619.82	532.18	
FT-A 500	682.71	680.14	579.05	
FT Gold mines	515.1	509.3	484.4	
FT-A Long gilt	10.59	10.55	10.27	
TOKYO				
Nikkei-Dow	12,333.07	12,117.77	10,866.3	
Tokyo SE	951.85	952.57	850.2	
AUSTRALIA				
All Ord.	closed	871.4	768.1	
Metals & Mins.	closed	576.2	542.0	
AUSTRIA	Credit Aktien	79.49	79.76	54.97
BELGIUM				
Belgian SE	2,227.72	2,223.86	-	
CANADA				
Toronto Metals & Mins	2,035.0*	2,028.4	2,145.0	
Composite	2,855.3*	2,648.0	2,321.5	
MONTREAL Portfolio	131.19*	130.74	112.25	
DENMARK Copenhagen SE	192.15	192.7	196.16	
FRANCE CAC Gen	214.6	213.6	174.4	
Ind. Tendance	118.9	116.8	91.7	
WEST GERMANY FAZ-Aktien	425.47	426.03	351.18	
Commerzbank	1,235.6	1,232.7	1,026.4	
HONG KONG Hang Seng	510.77	1,517.30	1,082.72	
ITALY Banca Comm.	closed	274.93	216.78	
NETHERLANDS ANP-CBS Gen	208.5	206.1	158.8	
ANP-CBS Ind	168.6	168.1	126.7	
NORWAY Oslo SE	321.15	321.23	281.05	
SINGAPORE Straits Times	798.15	796.05	1,004.38	
SOUTH AFRICA Golds	1,088.8	1,071.5	1,042.8	
Industrials	976.5	973.5	1,070.5	
SPAIN Madrid SE	108.05	108.49	81.38	
SWEDEN J & P	1,446.59	1,446.85	1,510.33	
SWITZERLAND Swiss Bank Ind	422.3	420.7	372.4	
WORLD Apr 24 Prev Yearago				
Capital Int'l	203.0	203.7	186.6	
GOLD (per ounce)				
London	Apr 25 Prev			
	\$222.25	\$222.75		
Zurich	522.05	532.75		
Paris (fixing)	522.31	531.49		
Luxembourg	522.25	532.00		
New York (June)	522.20	525.30		

* Latest available figure

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In

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 46

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Did you know that if you live in one of the following cities in Far East/Australia, you could have your Financial Times delivered by hand?

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WORLD STOCK MARKETS

AUSTRIA

Apr. 25

Price

Scts.

+ or

Apr. 25

Price

+ or

Apr. 25</div

MARKET REPORT

LONDON STOCK EXCHANGE

RECENT ISSUES

Equity advance stalls after first-quarter profits disappointment from ICI

Account Dealing Dates

First Declara- Last Account Dealings Day
Apr 16 Apr 22 Apr 28 May 7
Apr 29 May 9 May 10 May 20
May 13 May 30 May 31 June 10

* New-dealings day means two business days earlier.

Imperial Chemical Industries' announcement of first-quarter profits which were below recently downgraded analysts' projections blew London equities off course soon after midday yesterday. Before the news, there had been a better feeling in the market with international stocks and other overseas earners leading a general move towards higher price levels. This followed a continuation of the dollar's resurgence. Sterling suffered against the U.S. currency and leading Continentals.

IICI's trading three months was not one of the year's brightest quarters, total earnings of £1.2bn being only 9 per cent up on the corresponding 1984 period, and comparing with market estimates ranging from £275m to £285m. The share reacted in lively trading prior to the opening of the Wall Street ICI opened lower than the U.S. and London buyers lost enthusiasm with the result that the price closed a net 21 down at 705p, after touching a low of 703p.

Equity interest overall faltered as investors began to ponder over corporate profitability. Some international issues retained their rises while others saw their gains reduced. Despite further adverse publicity concerning world oil prices, British Petroleum raced higher late in the session to close 20 up at 547. The FT Ordinary Index, however, after a good start to establish a good advance, settled only 31 higher on balance at 965.6.

Base rate hopes receded further with the pound—finally just above the day's lowest at 81.2045—and dearer rates for credit in money markets. Government securities were naturally influenced, but the absence of any sustained foreign profit-taking left quotations showing relatively small falls. Domestic operators were generally inactive. All Gilt-edged maturities eventually reduced their losses with the shorts foremost and only marginally easier in the end.

Midland easier

Interest in the major clearers faded and quotations drifted lower. Midland, not helped by name of previous chairman, was at its troubled California subsidiary, Crocker National, fell 8 to 340p. NatWest gave up 7 at 550p and Lloyds relinquished 4 at 545p. Foreign issues, however, continued firmly. German stocks were particularly strong with Allgemeine closing 3 points dearer at 1294 and Deutsche 11 better at 1123. Merchant banks

dropped ground. Hill Samuel dropped 7 to 235p and Hambros relinquished 5 at 145p.

Lloyds Brokers lost a fair percentage of Wednesday's dollar-inspired gains. C.E. Heath gave up 10 to 570p and Willis Faber eased 6 to 627p, while Derek Bryant dipped 5 to 375p. Minet declined 4 to 248p as did Windsor Securities to 63p. Life issues also drifted lower with Sun Life closing 6 off at 320p and Legal and General 5 down to 665p. Commercial Composites, Commercial Union improved initially to 223p on takeover hopes before closing a couple of pence lower at 219p.

Printed circuit board manufacturers Prestwick Holdings staged a successful market debut, shares closing at 105p compared with the official issue price of 100p. USM movement Huntleigh Technology began at 165p and moved up to 190p against the placing price of 150p. RHP's bid for Muirhead stimulated further interest in electronics operator Electronic House, up 8 more at 125p compared with the placing price of 117p.

Leading Breweries posted modest losses across the board. Scottish and Newcastle were marked 3 lower to 130p in an attempt to establish a fresh trading base. The shares of Mathew Brown, now under the Monopolies Commission's reference, rose up at 520p.

The Building sector featured Blue Circle and George Wimpey, both of which responded favourably to trading news. The former, a distinctly robust market in recent days, moved up to 425p on better-than-expected profits and the absence of a fund raising operation. George Wimpey's annual profits failed to match market estimates and the price dipped to 88p; however, a subsequent meeting with analysts prompted a strong rally which left the close 9 higher on balance at 110p.

Anchor Chemicals hardened a penny to 250p following preliminary figures and a £214m rights issue proposal.

Debenhams below best

Retailers continued to present an irregular profile. Debenhams again responded to takeover speculation and attained a new peak of 271p before settling a net 5 to the good at 267p, as favoured suitor Habitat Mothercare, 4 dealer at 345p, reiterated its category bid of 100p. International Stores, animal market issues, May 7, gave up 5 at 230p, while Burton sold a similar amount to 420p. Marks and Spencer, down to 138p in the early business amid talk of problems with its ladies' wear operation, later rallied to close only a penny cheaper on balance at 138p. Once again, secondary counters

FINANCIAL TIMES STOCK INDICES

	Apr. 25	Apr. 24	Apr. 23	Apr. 22	Apr. 21	Apr. 20	Year ago
Government Secs.	81.26	81.40	81.75	81.85	81.85	82.00	81.95
Fixed Interest	85.92	86.11	86.17	86.19	86.14	86.03	86.24
Ordinary	965.6	965.3	971.6	970.6	969.6	969.0	969.4
Gold Mines	515.1	509.3	507.6	513.2	507.2	504.4	504.4
Ord. Div. Yield	4.71	4.74	4.68	4.65	4.59	4.25	4.25
Earnings, Ytd (\$ mil.)	11.85	11.86	11.90	11.79	11.87	8.75	8.75
PIE Ratio (net *)	10.30	10.37	10.19	10.83	10.85	12.84	12.84
Total bargains (stc.)	24,048.5	25,833	24,495	24,554	24,978	21,016	21,016
Equity turnover £m.	489.07	347.45	285.09	383.80	454.75	338.85	338.85
Equity bargains	19,305.22	18,921	18,299	23,563	23,563	—	—
Shares traded (mln.)	190.3	181.8	184.2	182.6	185.8	185.8	185.8

10 am 967.4. 11 am 967.5. Noon 968.3. 1 pm 964.7.

2 pm 964.7. 3 pm 965.4.

State 100 Govt. Secs. 15/10/85. Fixed Int. 1925. Ordinary 17/35.

Last Index 01-265 9202.

*NA=9.95.

HIGHS AND LOWS S.E. ACTIVITY INDICES

	1985	Since Complain'tn'	Avg. 84	Avg. 85
	High	Low	High	Low
Govt. Secs.	82.00	78.02	187.8	49.18
Fixed Int.	86.19	82.17	150.4	50.85
Ordinary	965.6	965.3	100.0	96.65
Gold Mines	515.1	509.3	507.6	513.2
Ord. Div. Yield	4.71	4.74	4.68	4.65
Earnings, Ytd (\$ mil.)	11.85	11.86	11.90	11.79
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Last Index 01-265 9202.

*NA=9.95.

eased 2 to 94p on the announcement of a proposed 53.3% rights issue in Convertible Redeemable Preference shares, but Barham, reflecting comment ahead of today's preliminary figures, rose 15 to 52p. Selectivity Ltd. eased 4 to 37p following Ferguson's bid of 35p per share for the outstanding minority.

Interscan firms 5 to 120p on speculations about the proposed acquisition of tour operators Global from Greater Union.

Among otherwise idle Motor Distributors, H. and J. Quick dipped 5 to 42p following disappointing full-year results.

Fleet Holdings, a buoyant market leader, slipped a few pence to 291p on news that the proposed bid from United News, unchanged at 245p, after 265p, was to be referred to the Monopolies Commission. Elsewhere in Publishers, profit-taking clipped 10 from recent speculative favourite East Midlands Allied Press A, at 130p.

Stocks' Conference, which recently got off to a slow start, has now

decided to seek that Stanley does not intend to launch a takeover bid for at least six months, attracted renewed speculative support and closed 10 higher at 485p. Elsewhere, Wates City of London shed 5 to 105p following an announcement of a £140m deal for the acquisition of the freehold interest of Winchester House from St Martin's Property Corporation. Wates firm 4 to 124p despite lower annual profits, while Capital Securities, in which Labordale recently bid, advanced 2 more at 85p.

The firmer dollar coupled with the tentative recovery of the Tokyo market prompted a farmer among Far Eastern investors to 148p, while similar gains were noted for G.T. Japan, 151p, and Drayton Japan, 35p.

Helped by currency influences and by comment on the company's recent full-year figures, S. Simpson rose 15 to 265p. Other leading Engineers were quiet, but improved. A dip at the close of the day at 229p following the more-than-doubled first-half figures. In contrast, French Connection remained out of favour and dipped 15 more to 195p, while the liquidation of speculative positions clipped 3 more from J. Hepworth at 197p.

Among Foods, Cadbury Schweppes continued to attract buyers on currency considerations and touched 185p prior to closing a penny firm at 187p. Rowrah Mackintosh, however, encountered profit-taking in the absence of any new developments and closed 9 at 229p. Electricals' EMI, with a wide range of products, moved 10 to 180p to end the day at 210p and Sasol closed unchanged on balance after 302p.

Secondary oils showed Falcon Resources a weak market and finally 30 lower at 430p reflecting disappointment with the results and accompanying share split and scrip issue.

CRA gain ground

The recent upsurge in Australia's mining industry continued, unaided despite the absence of any domestic support—“down under” markets were closed for the Anzac day holiday.

Sterling's continued retreat against the Australian currency was again the prime motivating factor, with miners' stocks rising sharply to close 40p higher at 650p. While Shell sold 12 firm at 730p, a number of other miners' stocks, notably BHP, to 180p, and Esso, 185p, were marked 10 higher at 210p and Lasme closed unchanged on balance after 302p.

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Pentland Inds. rally

Movements in the miscellaneous industrial leaders were often limited to a few pence either way. BTY continued to attract support among international stocks and touched 185p prior to closing a penny firm at 187p. Rowrah Mackintosh, however, encountered profit-taking in the absence of any new developments and closed 9 at 229p. Electricals' EMI, with a wide range of products, moved 10 to 180p to end the day at 210p and Sasol closed unchanged on balance after 302p.

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BRITISH FUNDS

High	Low	Stock	Price	%	Yield	Int'l. Ind.
<i>"Shorts" (Lives up to Five Years)</i>						
100%	91	Treas 11-12	11.93	12.44		
99%	91	Treas 12-13	8.65	12.34		
98%	91	Treas 13-14	10.50	11.50		
97%	91	Treas 14-15	10.13	11.41		
96%	91	Treas 15-16	10.74	11.50		
95%	91	Treas 16-17	11.94	11.47		
94%	91	Treas 17-18	10.65	11.47		
93%	91	Treas 18-19	10.74	11.47		
92%	91	Treas 19-20	9.74	11.47		
91%	91	Treas 20-21	9.74	11.47		
90%	91	Treas 21-22	9.74	11.47		
89%	91	Treas 22-23	9.74	11.47		
88%	91	Treas 23-24	9.74	11.47		
87%	91	Treas 24-25	9.74	11.47		
86%	91	Treas 25-26	9.74	11.47		
85%	91	Treas 26-27	9.74	11.47		
84%	91	Treas 27-28	9.74	11.47		
83%	91	Treas 28-29	9.74	11.47		
82%	91	Treas 29-30	9.74	11.47		
81%	91	Treas 30-31	9.74	11.47		
80%	91	Treas 31-32	9.74	11.47		
79%	91	Treas 32-33	9.74	11.47		
78%	91	Treas 33-34	9.74	11.47		
77%	91	Treas 34-35	9.74	11.47		
76%	91	Treas 35-36	9.74	11.47		
75%	91	Treas 36-37	9.74	11.47		
74%	91	Treas 37-38	9.74	11.47		
73%	91	Treas 38-39	9.74	11.47		
72%	91	Treas 39-40	9.74	11.47		
71%	91	Treas 40-41	9.74	11.47		
70%	91	Treas 41-42	9.74	11.47		
69%	91	Treas 42-43	9.74	11.47		
68%	91	Treas 43-44	9.74	11.47		
67%	91	Treas 44-45	9.74	11.47		
66%	91	Treas 45-46	9.74	11.47		
65%	91	Treas 46-47	9.74	11.47		
64%	91	Treas 47-48	9.74	11.47		
63%	91	Treas 48-49	9.74	11.47		
62%	91	Treas 49-50	9.74	11.47		
61%	91	Treas 50-51	9.74	11.47		
60%	91	Treas 51-52	9.74	11.47		
59%	91	Treas 52-53	9.74	11.47		
58%	91	Treas 53-54	9.74	11.47		
57%	91	Treas 54-55	9.74	11.47		
56%	91	Treas 55-56	9.74	11.47		
55%	91	Treas 56-57	9.74	11.47		
54%	91	Treas 57-58	9.74	11.47		
53%	91	Treas 58-59	9.74	11.47		
52%	91	Treas 59-60	9.74	11.47		
51%	91	Treas 60-61	9.74	11.47		
50%	91	Treas 61-62	9.74	11.47		
49%	91	Treas 62-63	9.74	11.47		
48%	91	Treas 63-64	9.74	11.47		
47%	91	Treas 64-65	9.74	11.47		
46%	91	Treas 65-66	9.74	11.47		
45%	91	Treas 66-67	9.74	11.47		
44%	91	Treas 67-68	9.74	11.47		
43%	91	Treas 68-69	9.74	11.47		
42%	91	Treas 69-70	9.74	11.47		
41%	91	Treas 70-71	9.74	11.47		
40%	91	Treas 71-72	9.74	11.47		
39%	91	Treas 72-73	9.74	11.47		
38%	91	Treas 73-74	9.74	11.47		
37%	91	Treas 74-75	9.74	11.47		
36%	91	Treas 75-76	9.74	11.47		
35%	91	Treas 76-77	9.74	11.47		
34%	91	Treas 77-78	9.74	11.47		
33%	91	Treas 78-79	9.74	11.47		
32%	91	Treas 79-80	9.74	11.47		
31%	91	Treas 80-81	9.74	11.47		
30%	91	Treas 81-82	9.74	11.47		
29%	91	Treas 82-83	9.74	11.47		
28%	91	Treas 83-84	9.74	11.47		
27%	91	Treas 84-85	9.74	11.47		
26%	91	Treas 85-86	9.74	11.47		
25%	91	Treas 86-87	9.74	11.47		
24%	91	Treas 87-88	9.74	11.47		
23%	91	Treas 88-89	9.74	11.47		
22%	91	Treas 89-90	9.74	11.47		
21%	91	Treas 90-91	9.74	11.47		
20%	91	Treas 91-92	9.74	11.47		
19%	91	Treas 92-93	9.74	11.47		
18%	91	Treas 93-94	9.74	11.47		
17%	91	Treas 94-95	9.74	11.47		
16%	91	Treas 95-96	9.74	11.47		
15%	91	Treas 96-97	9.74	11.47		
14%	91	Treas 97-98	9.74	11.47		
13%	91	Treas 98-99	9.74	11.47		
12%	91	Treas 99-2000	9.74	11.47		
11%	91	Treas 2000-2001	9.74	11.47		
10%	91	Treas 2001-2002	9.74	11.47		
9%	91	Treas 2002-2003	9.74	11.47		
8%	91	Treas 2003-2004	9.74	11.47		
7%	91	Treas 2004-2005	9.74	11.47		
6%	91	Treas 2005-2006	9.74	11.47		
5%	91	Treas 2006-2007	9.74	11.47		
4%	91	Treas 2007-2008	9.74	11.47		
3%	91	Treas 2008-2009	9.74	11.47		
2%	91	Treas 2009-2010	9.74	11.47		
1%	91	Treas 2010-2011	9.74	11.47		
0%	91	Treas 2011-2012	9.74	11.47		
<i>Unfunded</i>						
37%	Canadas	394	10.32	-		
36%	Canadas Spec.	394	10.32	-		
35%	Canadas 10-11	9.14	10.32	-		
34%	Canadas 11-12	9.14	10.32	-		
33%	Canadas 12-13	9.14	10.32	-		
32%	Canadas 13-14	9.14	10.32	-		
31%	Canadas 14-15	9.14	10.32	-		
30%	Canadas 15-16	9.14	10.32	-		
29%	Canadas 16-17	9.14	10.32	-		
28%	Canadas 17-18	9.14	10.32	-		
27%	Canadas 18-19	9.14	10.32	-		
26%	Canadas 19-20	9.14	10.32	-		
25%	Canadas 20-21	9.14	10.32	-		
24%	Canadas 21-22	9.14	10.32	-		
23%	Canadas 22-23	9.14	10.32	-		
22%	Canadas 23-24	9.14	10.32	-		
21%	Canadas 24-25	9.14	10.32	-		
20%	Canadas 25-26	9.14	10.32	-		
19%	Canadas 26-27	9.14	10.32	-		
18%	Canadas 27-28	9.14	10.32	-		
17%	Canadas 28-29	9.14	10.32	-		
16%	Canadas 29-30	9.14	10.32	-		
15%	Canadas 30-31	9.14	10.32	-		

COMMODITIES AND AGRICULTURE

Another record world wheat crop is forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD WHEAT production this year could reach 590m tonnes, matching the 1984 record, according to initial forecasts by the International Wheat Council in its market report yesterday.

The report said yield prospects for winter wheat in the northern hemisphere appeared to be above average and conditions for spring sowing were generally better than last year. The sown area in the southern hemisphere was also likely to expand, particularly in Australia.

In total the report predicts that world wheat plantings will show a slight rise over last season's 231m hectares, but yields are not expected to be quite as high as the 1984 record average of 22.5 quintals per hectare.

The report says its projections assume "normal" weather in the major producing areas because the harvest is still several months away in some countries and sowings have not even started in others. Nevertheless its tentative

Sharp rise in copper continues

By John Edwards, Commodities Editor

COPPER PRICES advanced strongly for the fourth day running on the London Metal Exchange yesterday fuelled by the weakness in sterling against the dollar and a tightening of the "squeeze" on immediately available supplies. Higher grade cash copper closed \$42.5 up at £1,271.5 a tonne while the three-months quotation gained £28.75 to £1,225.25.

The cash price has gained over 10 per cent, but traders noted that the fall in sterling over the equivalent of \$80 alone and New York values had been generally subdued. The U.S. producer, Asarc, yesterday lowered its domestic copper selling price by 1 cent to 68 cents a lb reflecting the easier trend there.

Dealers are anxious to await to see how much extra supplies will be attracted to London by the cash price premium.

On the market it was thought the fairly limited reaction to the decline in sterling could put further pressure on the Straits tin price overnight.

"The accent should be not on replacing the entire system," it said.

"The accent should be not on replacing the entire system, but on improving parts of it. It

should build on the existing technology."

The problem of applying technology to tropical agriculture is acute, commented the developed world in the form of experts with new technology.

Traditional slash and burn methods, they say, but old and intended benefits of the new technology are resistant to change. They fear abandoning methods which have served them and their forefathers for centuries.

Rather than leading to higher incomes, the clash of technological cultures disrupts agriculture. Output falls, and farmers, steeped in their traditional ways, become even more wary of change.

This approach in applying modern technology to traditional agriculture in the developing world is wrong, according to Dr Eugene Terry, director of the International Institute for Tropical Agriculture in Ibadan, Nigeria.

"The question of the cost of technology is relevant only to small-scale and not large-scale farming in the tropics," argued Dr Terry.

"For example, there can be improvements on existing traditional technology which conserve soils, so that a farmer may not even need fertilisers for marginal soils."

Dr Canute James on the problems of bringing modern methods to third world agriculture

A technological leap for the subsistence farmer

By

John

Edwards

Commodities

Editor

preserve the soil structure," suggested Dr Terry.

This would then allow the farmer the time to make use of local machinery, such as injection planters, which plant seeds through the mulch.

"This means the farmer would have made an easy but valuable technological leap from the hoe to the injection planter," he said.

But the transfer of agricultural technology presents particular problems. The farmer, for example, may be well equipped to persuade foreign companies to bring modern technology to new agricultural projects on the island.

"The question of the cost of technology is relevant only to small-scale and not large-scale farming in the tropics," argued Dr Terry.

"For example, there can be improvements on existing traditional technology which conserve soils, so that a farmer may not even need fertilisers for marginal soils."

Dr Terry believes the application of agricultural technology to tropical production can be successful only if it is supported by appropriate government policies.

"It is an error on the part of food deficit third world countries to sell imported food at rates cheaper than those which the domestic farmer can produce," he argued.

"A guaranteed, competitive price is best. A subsidy to the farmer in this changing situation is a far better incentive than spending money to import food."

the farmer can say what parts of the new technology he can take and this can be given or adapted by the lab. There needs to be an interface, or efforts to bring technology to parts of the world which need it most are likely to fail.

The bottom line in this effort must be the motivation of the farmers, particularly those who have been forced to produce at subsistence levels.

Governments of many developing countries, faced with particular problems. The farmer, for example, may be well equipped to persuade foreign companies to bring modern technology to new agricultural projects on the island.

"This would normally take very long, he says, "but with time and culture, the multiplication rate could be increased by thousands. This is ideal for farmers who are far removed from modern technology."

Delegates at the conference also spoke of ways of applying modern technology to tropical agriculture to reduce the traditionally high labour content.

Farmers can spend up to 80 per cent of their time on weeding.

"Dead or live mulch could be used to control weeds and

"With this agent of change

Fruitful prospects for the Bahamas

BY NICKI KELLY IN NASSAU

THE BAHAMAS, noted for its banking and tourism industries, is intent on bringing prices in the two markets close together.

Straits tin will have to come down quite a way yet following the further fall in sterling against the Malaysian dollar.

However, producers are likely to resist the Straits tin price going too far below the price of the country's \$220m food

surplus.

The Ministry of Agriculture has had many inquiries from growers hoping to take advantage of the initiative and particular fruit farming, to its list of successes.

Since 1981 farm output has risen 6 per cent a year, the fastest increase in Latin America, and easily outstripping the UN Food and Agriculture Organisation's target for the region.

Agriculture began receiving serious attention after the present Progressive Liberal Party took office, but the government has lacked the financial resources to develop agriculture fully. Domestic production still meets less than 15 per cent of the country's \$220m food surplus.

But last month President Reagan named the Bahamas as beneficiary of his Caribbean Basin Initiative, opening the islands of Grand Bahama, Andros, Abaco and Eleuthera suitable

for growing a wide variety of sub-tropical fruits and vegetables. Only about 15 per cent of the area is cultivated. "It is obvious that the massive capital investments needed for this kind of agricultural development must be provided mainly by private investment, both local and foreign," the Prime Minister said.

Investors prepared to undertake large-scale commercial farming and food processing operations are being offered long-term leases and numerous incentives under the Bahamas Industries Encouragement Act.

American businessmen investing in the Bahamas are also eligible for financial assistance from the Overseas Private Investment Corporation (Opic), a U.S. government agency.

So far most foreign investment in agriculture has been in fruit. Kendall Farms, the

world's largest producer of limes, and Taino Farms, both owned by Florida interests, are cultivating 2,000 acres of citrus, avocados and papayas for export and plan to add another 4,000 acres. The E. G. Harmon Company of Georgia is growing 1,500 acres of citrus and intends to expand to 20,000 in the next 10 years.

Bahamian citrus is of excellent quality. A four-member team from the U.S. Department of Agriculture, on an inspection of Bahamian citrus groves following last year's outbreak in Florida of the deadly citrus canker disease, rate Bahamian produce among the best.

"Almost everything we have seen has been good quality and we believe no one can beat our citrus," said plant pathologist Mr Stephen Roe. He predicted the islands were at the beginning of a major export industry.

Quotas 'better than expected'

THE EEC milk quota system was applied more effectively in its first year of operation than many pessimists expected. Sir Henry Plumb, leader of the British Conservatives in the European Parliament and a former president of the National Farmers' Union, said yesterday.

He told farmers at a meeting in Wrexham that 1984 Community milk production was down between 4 per cent and 4.5 per cent on 1983. This represented a serious attempt to tackle a problem that had been threatening to run out of control.

"Quotas are biting throughout the Community," Sir Henry said. But EEC butter stocks were still nearly 900,000 tonnes in the middle of April and UK butter stocks were higher than at the same time last year. "The problem still remains a significant one," he said.

Court ruling 'costs \$536m in lost U.S. grain sales'

BY NANCY DUNNE IN WASHINGTON

THE U.S. has lost \$536m in grain exports because of the suspension of its "blended credit" programme for grain exports, the National Association of Wheatgrowers said yesterday.

The programme was shelved following a court ruling ordering the Department of Agriculture to abide by cargo preference requirements. These stipulate that 50 per cent of U.S. government-generated cargoes must be transported on U.S. vessels.

U.S. freight rates are considerably higher than non-U.S. rates, so the cargo preference requirements greatly increase U.S. agricultural export costs.

According to the wheat-growers, France has won orders

for \$140m of wheat, which would otherwise have been sold through subsidised U.S. credit.

Legislation now in Congress would repeal the cargo preference rule as applied to blended credit, but so far Mr John Block, the U.S. Agriculture Secretary, has been unable to get the Administration to support the Bill.

Instead, the Justice Department has appealed against the federal court ruling. The appeal is not likely to be heard until early next year. Meanwhile agricultural groups fear that the court ruling may result in the extension of cargo preference requirements to other credit programmes like the export credit guarantee programme.

LONDON MARKETS

STERLING'S continued decline—against the dollar—pushed cocoa and coffee futures prices up on the London market yesterday. But sugar futures, which are quoted in dollars, moved a little lower.

Coffee prices opened higher in line with the strong overnight tone in the New York market and moved up further as the pound weakened. New York values opened firm again yesterday bringing further gains in London. But these were mostly lost in a late wave of speculative selling and the July futures position ended the day £27 up at £2,187 a tonne.

COPPER

Copper: a.m. + or - p.m. + or -
COPPER Official - Unofficial -

Aluminium: £1,100 — £1,100
Free Mkt: £1140/170 — £1140/170

Apr. 25 + or Month ago

Gold: £125.5 — £125.5
Silver: £125.5 — £125.5

Apr. 25 + or Month ago

Nickel: £127.5 — £127.5
Copper Grade: £127.5 — £127.5

Apr. 25 + or Month ago

Lead: £127.5 — £127.5
Settlement: £127.5 — £127.5

Apr. 25 + or Month ago

Aluminium: £127.5 — £127.5
Nickel: £127.5 — £127.5

Apr. 25 + or Month ago

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Apr. 25 + or Month ago

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous climate underpins dollar

The dollar rose in currency markets yesterday in nervous trading. Recent comments by U.S. officials have renewed fears concerning the need to finance the budget deficit and consequential implications of relatively high U.S. interest rates. In addition the absence of economic data for the rest of this week tended to channel attention to short-term chart levels, and after an indifferent morning's trading, the dollar breached a major chart resistance level of DM 3.1350 against the D-mark and a further DM 3.15 level to finish at DM 3.1355, up from DM 3.1310 on Wednesday.

Proximity of the month end was also a contributory factor to dollar demand. Elsewhere it closed at Yen 125.50, up from Yen 125.35 and Yen 125.25 compared with SwF 1.60, against the French franc it closed at FF 9.60, from FF 9.5050. On Bank of England figures, the dollar's exchange rate index rose from 146.9 to 147.6.

Background factors behind the dollar's improvement included increased hopes of a turnaround in second quarter gross national product figures after a dis-

appointing downward revision in the first quarter. Additionally dealers suggested that, despite the recent decline in U.S. interest rates, there was no turning point and investors alike to turn to last Friday's peak from

STERLING — Trading range against the dollar in 1985 is £1.2440 to £1.2525. March average fell 0.1% from DM 3.1260. Exchange rate index 7.6 after an opening level of 7.72. Wednesday's close of 7.73. The six months ago figure was 7.52.

Sterling suffered from the double blow of a stronger dollar and renewed fears of a cut in oil

prices. Consequently it fell to £1.2040-1.2050 against the dollar, a fall of 0.05% from Wednesday. This was its lowest level for three months and represented a fall of nearly 7 per cent from last Friday's peak.

The weaker trend was not confined to the dollar and sterling fell 0.1% from DM 3.2520 and Yen 125.35 compared with Yen 125.25. It was also lower at SwFr 3.1750 from SwFr 3.18 and FF 11.6550 compared with FF 11.6550.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 3.2945. March average 3.3297. Exchange rate index

EMI EUROPEAN CURRENCY UNIT RATES

	Euro currency rates	Currency amounts	% change	from current	% change	Divergence limit %
Belgian Franc ...	44,9008	44,9517	+0.11	-0.21	-1.45	-1.5471
Danish Krone ...	8,14104	8,03912	-1.25	-1.15	-1.45	-1,4519
Dollar ...	4,282-4,285	4,282-4,285	-2.7%	-2.7%	-2.7%	-2.7%
French Franc ...	6,25246	6,25157	-0.02	-0.02	-0.02	-0.02
Dutch Guilder ...	2,52367	2,52367	+0.10	+0.10	+0.10	+0.10
Irish Pound ...	0.7288	0.7198	-1.3%	-1.3%	-1.3%	-1.3%
Italian Lira ...	215,2649	215,2649	+1.51	+1.51	+1.51	+1.51

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Day's agreed	Close	One month	% p.m.	Three months	% p.m.
April 25	2.0040-1.2025	2.0040-1.2025	0.46-0.46	2.0040-1.2025	0.46-0.46
U.S. Canadas 1.6717	1.6425-1.6500	0.01c pm-par	0.04	1.6425-1.6500	0.01c pm-par
Nethland 4.27-5.1	4.282-4,285	2.7%	6.28	4.282-4,285	2.7%
Denmark 13.57-13.58	13.55-13.58	0.01c pm-par	3.30	13.55-13.58	0.01c pm-par
Ireland 1.2080-1.2105	1.2105-1.2115	0.01c pm-par	0.01c pm-par	1.2105-1.2115	0.01c pm-par
W.Ger. 3.78-3.81	3.78-3.81	2.5%	5.32	3.78-3.81	2.5%
Portugal 2.10-2.12	2.10-2.12	0.01c pm-par	5.32	2.10-2.12	0.01c pm-par
Spain 211-213	211-212	15c-10c	17.87	211-212	15c-10c
Italy 2.383-2.425	2.418-2.418	2.5%	3.15	2.383-2.425	2.5%
Norway 11.45-11.51	11.45-11.51	0.01c pm-par	0.03	11.45-11.51	0.01c pm-par
Sweden 10.98-10.99	10.93-10.96	0.01c pm-par	0.03	10.98-10.99	0.01c pm-par
Japan 303-308	303-308	0.01c pm-par	6.72	303-308	0.01c pm-par
Austria 20.30-20.30	20.30-20.30	0.01c pm-par	5.94	20.30-20.30	0.01c pm-par
Switz. 3.14-3.17	3.15-3.16	2.5%	7.38	3.14-3.17	2.5%

1 UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.43-63.55. Six-months forward rate 2.00-1.96c. 12-months 2.60-2.45c per pound.

OTHER CURRENCIES

Apr. 25	£	\$	€	Note Rates
Argentina Peso ...	582,44-594,08	450,75-451,15	Austria ...	56,45-56,75
Australia Dollar ...	1,6126-1,6171	1,4625-1,4670	Belgium ...	75,40-75,70
Brazil Cruzeiro ...	5,8128-5,944	4,870-4,890	Denmark ...	13,51-13,58
France Franc ...	11,08-11,12	11,08-11,12	Germany ...	11,08-11,12
Greek Drachma ...	154,55-167,67	154,44-157,76	Hong Kong Dollar ...	9,4350-9,4550
Iraq Dinar ...	1,00-1,00	1,00-1,00	Italy ...	7,7850-7,7870
Kuwaiti Dinar ...	0,8655-0,8675	0,8655-0,8675	Iceland ...	10,86-10,98
Luxembourg F ...	76,50-76,50	63,55-63,55	Ireland ...	10,86-10,98
Malaysia Ringgit ...	1,00-1,00	1,00-1,00	Italy ...	10,86-10,98
Mexico Peso ...	1,90-2,00	1,90-2,00	Japan ...	10,86-10,98
Saudi Arab. Riyal ...	4,8240-4,9420	4,8245-4,9425	Switzerland ...	5,34-5,38
Singapore Dollar ...	6,9950-3,7050	6,9950-3,7050	United States ...	1,00-1,00
U.A.E. Dirham ...	4,4595-4,4595	4,4592-4,4593	Yugoslavia ...	200-300

* Selling rate.

CURRENCY MOVEMENTS

CURRENCY RATES

STERLING INDEX

U.S. TREASURY BONDS

CHICAGO

U.S. TREASURY BILLS (IMM)

CERT DEPOSIT (IMM)

U.S. TREASURY BILLS (IMM)

THREE MONTH EURODOLLAR (IMM)

TEN YEAR 12½ NOTIONAL GILT

U.S. TREASURY BONDS (CBT)

Money Market Cheque Account Jersey

Art Galleries

Clubs

Personal

THE MARRIAGE BUREAU (Heather Street, WI)

NOTICE OF HEREBY GIVEN that Application is being made to the Common Council of the City of London by Mount Row Properties Ltd. for Planning Permission in respect of the construction of Offices and a Restaurant, situated at 10-12 Eastcheap, London EC2J, for the erection of a building which may be inspected at The Guild Hall, London EC2J, at all reasonable hours until 10th May, 1985, and that representations may be made to the Common Council about the Application should make them in writing by the 10th May, 1985, to the Town Clerk at City of London, PO Box 270, Guildhall, London EC2P 2EJ.

on behalf of The Whitney Mackay-Lewis Partnership

Corrected Notice SCHEDULE 3 TOWN AND COUNTRY PLANNING ACT 1971 NOTICE UNDER SECTION 2(2)

PROPOSED DEVELOPMENT AT 10-12 EASTCHEAP, LONDON EC3

NOTICE IS HEREBY GIVEN that Application is being made to the Common Council of the City of London by Mount Row Properties Ltd. for Planning Permission in respect of the construction of Offices and a Restaurant, situated at 10-12 Eastcheap, London EC3, for the erection of a building which may be inspected at The Guild Hall, London EC2J, at all reasonable hours until 10th May, 1985, and that representations may be made to the Common Council about the Application should make them in writing by the 10th May, 1985, to the Town Clerk at City of London, PO Box 270, Guildhall, London EC2P 2EJ.

on behalf of The Whitney Mackay-Lewis Partnership

Date: 24th April 1985

ECU=SUS.720874 SDR1=SUS.990271

Sterling £ open int 1.00 am 3 months: 8; 6 months: 9

Bank of America, Economic Dept., EMEA, London

Europular Libor as of April 24 at 11.00 am.

3 months: 8; 6 months: 9

rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

EURO-CURRENCY INTEREST RATES (Market closing rates)

EXCHANGE CROSS RATES

April 25

Pound Sterling

U.S. Dollar

Deutschmark

Japanese Yen

French/Franc

Swiss Franc

Dutch Guilder

Italian Lira

Belgian Franc

Danish Krone

Austrian Schilling

Canadian Dollar

Swiss Franc

French Franc

Swiss Franc

Dutch Guilder

Italian Lira

Belgian Franc

Danish Krone

Austrian Schilling

Canadian Dollar

Swiss Franc

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Austrian Schilling

Canadian Dollar

Swiss Franc

Dutch Guilder

Italian Lira

Belgian Franc

Danish Krone

Austrian Schilling

Canadian Dollar

Swiss Franc

Dutch Guilder

Italian Lira

Belgian Franc

Danish Krone

Austrian Schilling

Canadian Dollar

Swiss Franc

Dutch Guilder

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 25.

U.S. DOLLAR STRAIGHTS

Issued

Bid

Offer

Change on

day week

Yield

World Bank 12% 87

150

162

162%^{1/2}

8

- 8% 11.08

World Bank 12% 94

150

150

150%^{1/2}

8

- 8% 11.84

Average price change on day - 8% on week - 0%

WEYHEIMER 12% 87

150

162

162%^{1/2}

8

- 8% 11.08

World Bank 12% 94

150

150

150%^{1/2}

8

- 8% 11.84

Average price change on day - 8% on week - 0%

DEUTSCHE MARK STRAIGHTS

Issued

Bid

Offer

Change on

day week

Yield

West African Dev Bank 94

200

161

161%^{1/2}

8

- 8% 16.94

West African Dev Bank 94

200

161

161%^{1/2}

8

- 8% 11.25

Credit National 94

200

161

161%^{1/2}

8

- 8% 11.25

Degases Int'l Fin'g 94

100

160

160%^{1/2}

8

- 8% 11.05

Denmark Kridon 12% 92

100

167

167%^{1/2}

8

- 8% 11.95

Denmark Kridon 12% 94

100

167

167%^{1/2}

8

- 8% 11.25

Ferrovial Delo Step 9 91

100

161

161%^{1/2}

8

- 8% 11.05

Finnish Republic 7 92

200

167

167%^{1/2}

8

- 8% 11.25

GEC 11% 90

100

161

161%^{1/2}

8

- 8% 11.45

GEV 11% 90

75

160

160%^{1/2}

8

- 8% 11.25

Export Dev Corp 12% 89

100

161

161%^{1/2}

8

- 8% 11.25

Exxon Capital Corp D 2004

1000

161

161%^{1/2}

8

- 8% 11.15

Ford Credit Corp 10% 2003

1000

160

160%^{1/2}

8

- 8% 11.25

IBM Credit Corp 11% 87

200

161

161%^{1/2}

8

- 8% 11.25

Indus Elec Japan 12% 89

100

161

161%^{1/2}

8

- 8% 11.55

Inter Am Dev Bk 12% 91

150

161

161%^{1/2}

8

- 8% 11.65

Japan Airlines 13% 94

100

161

161%^{1/2}

8

- 8% 11.75

Kellogg Company 10% 90

100

161

161%^{1/2}

8

- 8% 11.85

Macy Cred Corp 11% 91

100

161

161%^{1/2}

8

- 8% 11.55

Matsushita Elec 13% 87

100

161

161%^{1/2}

8

- 8% 11.65

Mitsubishi Corp 13% 89

100

161

161%^{1/2}

8

- 8% 11.75

Morgan Stanley 13% 91

100

161

161%^{1/2}

8

- 8% 11.85

National Lampoon 13% 91

100

161

161%^{1/2}

8

- 8% 11.75

National Lampoon 13% 94

100

161

161%^{1/2}

8

- 8% 11.85

National Lampoon 13% 94

100

161

161%^{1/2}

8

- 8% 11.75

National Lampoon 13% 94

100

161

161%^{1/2}

8